

Trading Processing for Goods: A Different View from the Past on Italian Trade Flows?

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Abstract: The new international standards implemented in national accounts and balance of payments statistics (ESA 2010 and BPM6) introduced, among others, a new treatment of goods sent abroad for processing without changing ownership, which are now considered as exchanges of services. In this paper we explore to what extent this innovation affects the structural analysis of Italian trade flows, in particular along the geo-sectoral dimension. We also draw, for the first time, a detailed picture of exports and imports of processing services in order to shed light on how Italian firms participate, through this channel, in global value chains. Our findings largely validate the geo-sectoral interpretations drawn on the basis of the previous statistical standards. The data reveal that Italy is historically a net exporter of processing services, especially in high-technology productions; flows are highly concentrated across destinations and sectors.