

Title: An Anatomy of U.S. Establishments' Trade Linkages in Global Value Chains

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Abstract:

Global value chains (GVC) are a pervasive feature of modern production, but they are hard to measure. Using confidential microdata from the U.S. Census Bureau, we develop novel measures of the linkages between U.S. manufacturing establishments' imports and exports. We find that for every dollar of exports, imported inputs represent 13 cents in 2002 and 20 cents by 2017. Examining GVC trade flows in a gravity framework, we find that these flows are higher within "round-trip" (input and output market is the same) linkages, regional trade agreements, and multinational firm boundaries. The strong complementarities between input and output markets are muted by the proportionality assumptions embedded in global input-output tables. Finally, with an off-the-shelf model, we show the round-trip results can be obtained when firm-specific sourcing and exporting fixed costs are linked.