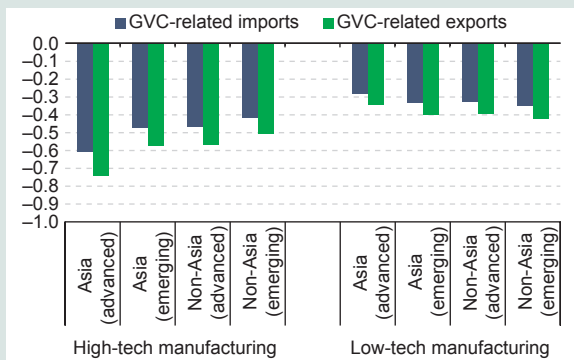


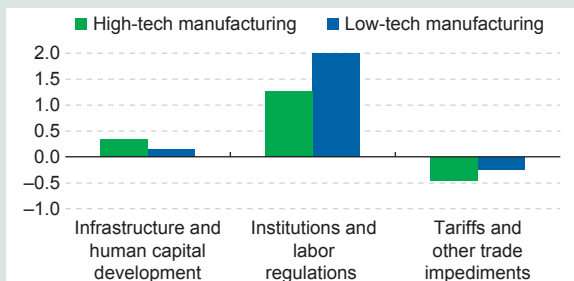
Figure 2.9

## Illustrative Impact of 1 Percent Appreciation in the Real Effective Exchange Rate on GVC-Related Trade



## Illustrative Impact of Changes in Fundamentals on GVC Participation

(Estimated impact on GVC participation of changes in fundamentals from the 25th percentile to the 75th percentile; in percent)



Source: IMF staff estimates.

Note: GVC = global value chain. The illustrative impact of tariff is not so small, as the GVC participation index subcategories are measured against (i.e., the denominator) total exports in the economy; for instance, median backward and forward participation rates in the low-tech manufacturing sectors are typically 3–6 percent. Underlying data on the effective tariff rates are measured using the weighted average across sectors.