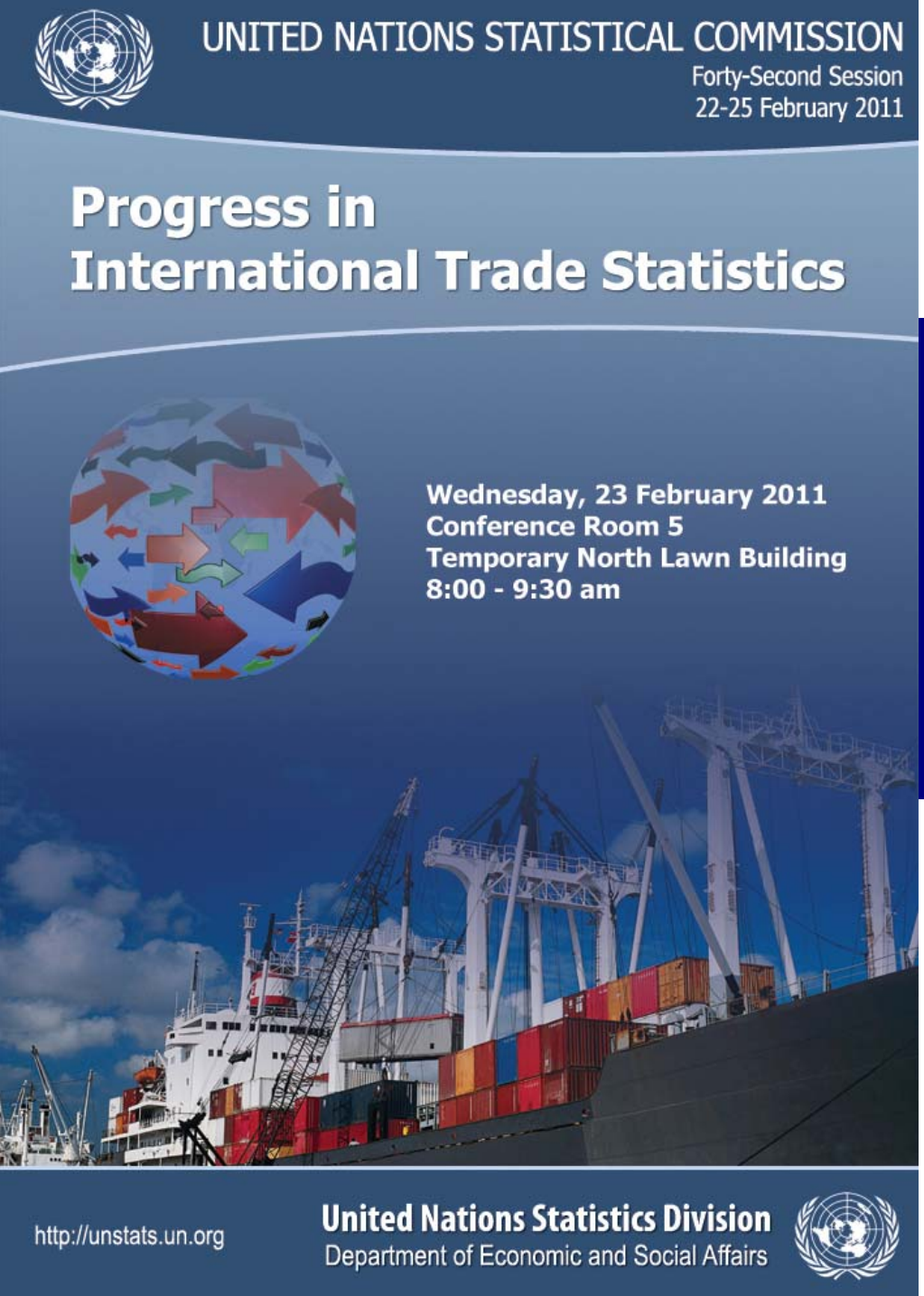


Follow-up to the Global Forum on Trade Statistics

Global Forum on Trade Statistics

Measuring Global Trade - Do we have the right numbers?

organized jointly by UNSD and Eurostat in collaboration with WTO and UNCTAD

2-4 February 2011, Geneva, Switzerland

International Trade Information Systems in 2020

There is a strong demand by policy makers, trade analysts, economists, and researchers for **integrated data on international trade and globalization** in order **to better understand the impact of trade on growth, economic development, employment and the economic interdependence of countries** in terms of production, consumption and investment.

The issue of "goods for processing" or **"global manufacturing"** is raising the question, which country is producing the goods and how trade statistics can be improved to better account for and inform about this phenomenon and its impact on employment and development.

International Trade Information Systems in 2020

The following 20 goals could be envisaged for 2020:

- Institutionalized and close cooperation will exist between all national agencies involved in the compilation of statistics of international trade in goods and services including multinational enterprise statistics;
- All transaction records (from customs or other sources) will contain an identification number of the importing or exporting enterprise that is linked with the national statistical business register;
- Trade in services will be based on the detailed level of the Central Product Classification (CPC) and the data will be predominantly collected via enterprise surveys.

International Trade Information Systems in 2020

The following 20 goals could be envisaged for 2020:

- Enterprise surveys covering goods and services will be coordinated and organized in such a way that information can be regularly and systematically obtained for purposes of trade, production and price statistics;
- International trade statistics will be available by enterprise characteristics, such as economic activity sector, employment, enterprise size and demography as well as location, but also by other indicators such as business confidence, new orders or sourcing of business functions;
- International trade in goods and services will be published by CPC product, ISIC activity and partner country.

Overview of Sessions

1. **Measuring Global Trade**
2. **New Recommendations IMTS / SITS**
3. **Data Sources**
4. **Global Production and Outsourcing**
5. **Linking Trade and Business Statistics**
6. **Trade in Value-Added**

Measuring Global Trade - Do we have the right numbers?

Wednesday 2 Feb 2011, Morning Session, 9:30 - 12:30

Measuring Global Trade - Do we have the right numbers?

Chairperson: Mr. Walter Radermacher, Director General, EUROSTAT, European Commission

9:30-10:30 **Opening Session**

Opening Statement
Mr. Alejandro Jara, Deputy Director-General of the World Trade Organization
» Download speech

Video Message
Mr. Jomo Kwame Sundaram, Assistant Secretary-General for Economic Development of the United Nations Department for Economic and Social Affairs
» Download speech

Keynote Speech
Mr. Supachai Panitchpakdi, Secretary-General of the United Nations Conference on Trade and Development

Measuring Global Trade - Do we have the right numbers? → Alejandro Jara (WTO)

- The concept of comparative advantage in final goods, as developed by Ricardo, is no longer fully relevant to explain trade between countries. Today, international specialization relates to trade in tasks rather than in finished goods, with the result that trade in intermediate goods, such as components, parts or goods for further processing, has grown fast.
- We need to have information on the **inter-connectivity of national economies**, not only through high frequency trade data but also through linking firm activity (production) with export activity (trade).
- Perhaps the solution is not the collection of more data, but to operate a paradigm shift in their packaging and interpretation.

Measuring Global Trade - Do we have the right numbers? → Alejandro Jara (WTO)

Perhaps it is time to extend to the rest of the export sectors this concept [of a **Trade Satellite Account**] and bring together all relevant information on trade-related activities, from trade flows in goods and services, foreign direct investment and financial settlements, to employment in its quantitative and qualitative dimensions.

Such a comprehensive overview would help policy-makers and other stakeholders to appreciate the multidimensionality of international trade and would have the very important advantage of linking the trade policy debate directly to what matters in trade politics – the production of domestic value added and jobs.

Measuring Global Trade - Do we have the right numbers? → Jomo Kwame Sundaram (UNDESA)

- Trade patterns have moved from country specialization in types of goods (manufactures from the North; primary commodities from the South) to intra-firm/network specialization in tasks, with the South greatly expanding production of manufactures. **The changing patterns of trade and production have important implications for trade and industrial policies in the broader context of development strategies.**

- **Current statistical data are deficient for international trade in services** from the point of view of both analysis of such trade and use by negotiators. Whereas much conceptual work was developed over the last decade, the current trade in services data show too little detail.

Measuring Global Trade - Do we have the right numbers? → Dr. Supachai (UNCTAD)

- Statistics important as basis for econometric models
- Cooperation in statistics among international agencies
- Food crisis – Commodity prices are high again
- Speculation in commodity market – Financial investment → Distortion of actual price of commodities → Need for right data on trade and commodity prices, and of inventories of commodities
- Differences in Mirror Statistics → Problem with country of origin
- Lack of Services data → What kind of services are traded?
- How to measure non-tariff barriers?
- Multi-national enterprise statistics to be better measured.

Measuring Global Trade - Do we have the right numbers?

10:50-12:30 **Panel Discussion**

Moderator: Mr. Walter Radermacher, Director General, EUROSTAT, European Commission

Panelists: Mr. Enrico Giovannini, Chief Statistician, Italy

Mr. Aaron Sydor, Deputy Chief Economist, Canada
» Download presentation

Prof. Gary Gereffi, Professor of Sociology, Duke University
» Download presentation

Mr. Hubert Escaith, Chief Statistician, World Trade Organization

Mr. Henri Laurencin, Head of the Development Statistics and Information Branch, Division on Globalization and Development Strategies, UNCTAD

Mr. Ronald Jansen, Chief of Trade Statistics Branch, United Nations Statistics Division/ DESA

Measuring Global Trade - Do we have the right numbers? → Walter Radermacher (Eurostat)

Opening remarks – We should get better data for trade in services as we have already for trade in goods. The challenge is to find a smarter way of collecting services data.

Presentation –

- Shift in Paradigm: National territory – need for integration of international flows by bringing down the silos and also obtaining a more global perspective.
- Quality – Trade in Goods (high quality) and Trade in Services (low quality) → better balance necessary
- Usage of trade data: Trade related to Energy and Trade related to Environment
- Link between statisticians and government via academia

Measuring Global Trade - Do we have the right numbers? → Enrico Giovannini (Istat)

Do we have the right vision? Starting point is Vision 2020.

- International agencies should be fully aligned on Trade Statistics
- Fully integrated data warehouse with Trade is recommended as in Vision statement. Sharing good practices is important.
- Institutional arrangements among national authorities is very important.. International agencies should send message.
- Quality problem: Mirror statistics. We need a quality profile of International Trade Statistics.
- Higher frequency of updates of classifications (ISIC & CPC).
- Satellite Account for Trade Statistics.
- Improve Measurement of quantities, prices and volumes.

Measuring Global Trade - Do we have the right numbers? → Aaron Sydor (Canada)

Top Ten Destinations for Canadian FDI and Service Exports

Country	Share
U.S.	44.0%
U.K.	11.0%
Barbados	6.9%
Ireland	3.8%
Caymans	3.3%
Bermuda	3.1%
France	2.7%
Australia	2.2%
Hungary	2.1%
Bahamas	2.0%

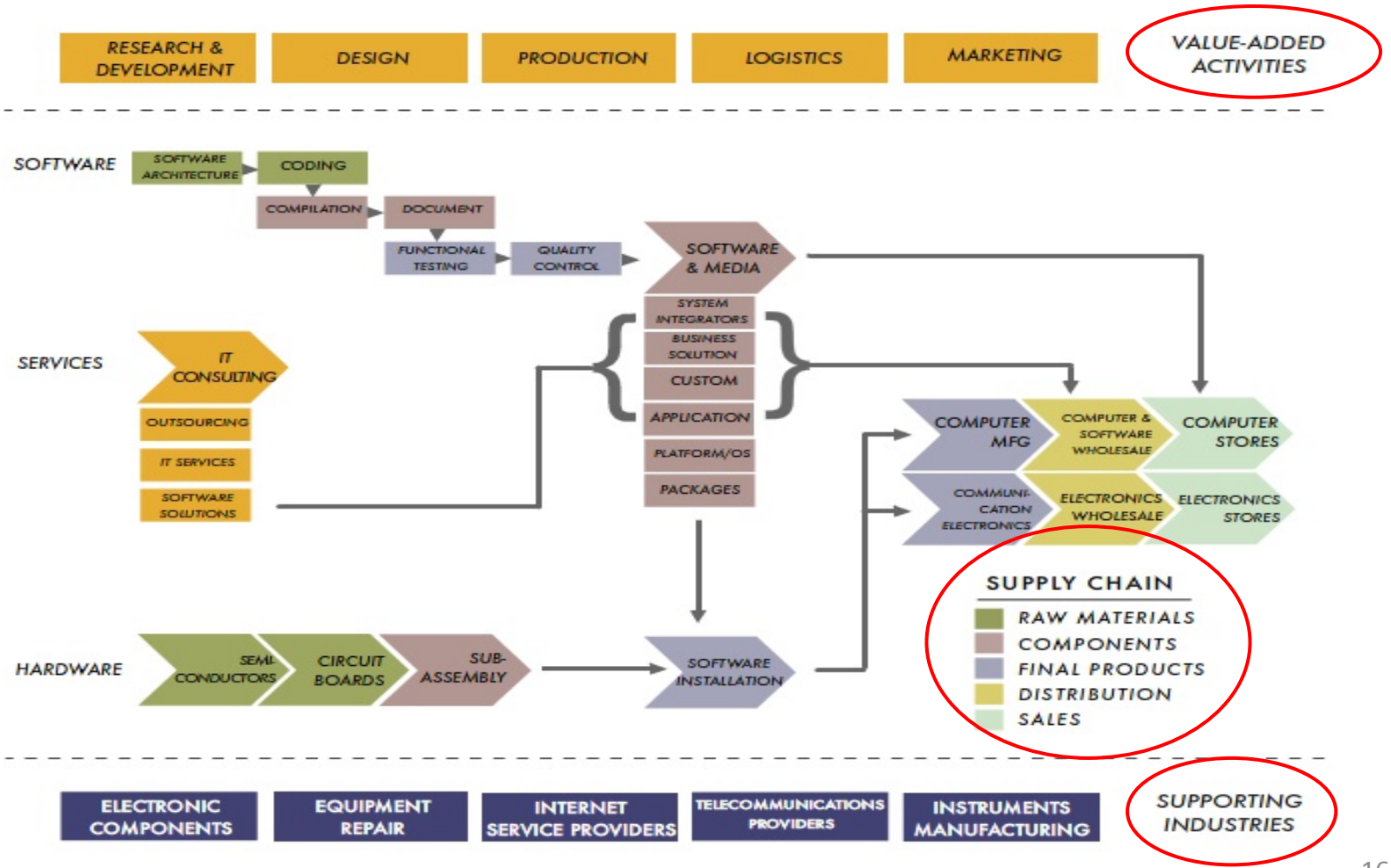
Country	Share
U.S.	53.7%
U.K.	6.5%
Germany	2.7%
France	2.7%
Switzerland	2.3%
Bermuda	2.1%
Japan	1.8%
China	1.6%
Barbados	1.5%
HK, China	1.4%

Data: Statistics Canada; FDI 2009, services 2008.
Source: Office of the Chief Economist, DFAIT

- **Destination for FDI - does not match well with real economic activity (use of tax havens);**
- **Services – lack of detail on modes, lack of country detail, BOP does not match industry categories;**
- **Other gaps – End-use classification systems (BEC); Intra-firm trade; and Value-added measures of trade;**
- **Linking activities (R&D, legal, accounting) to products or performing industry;**

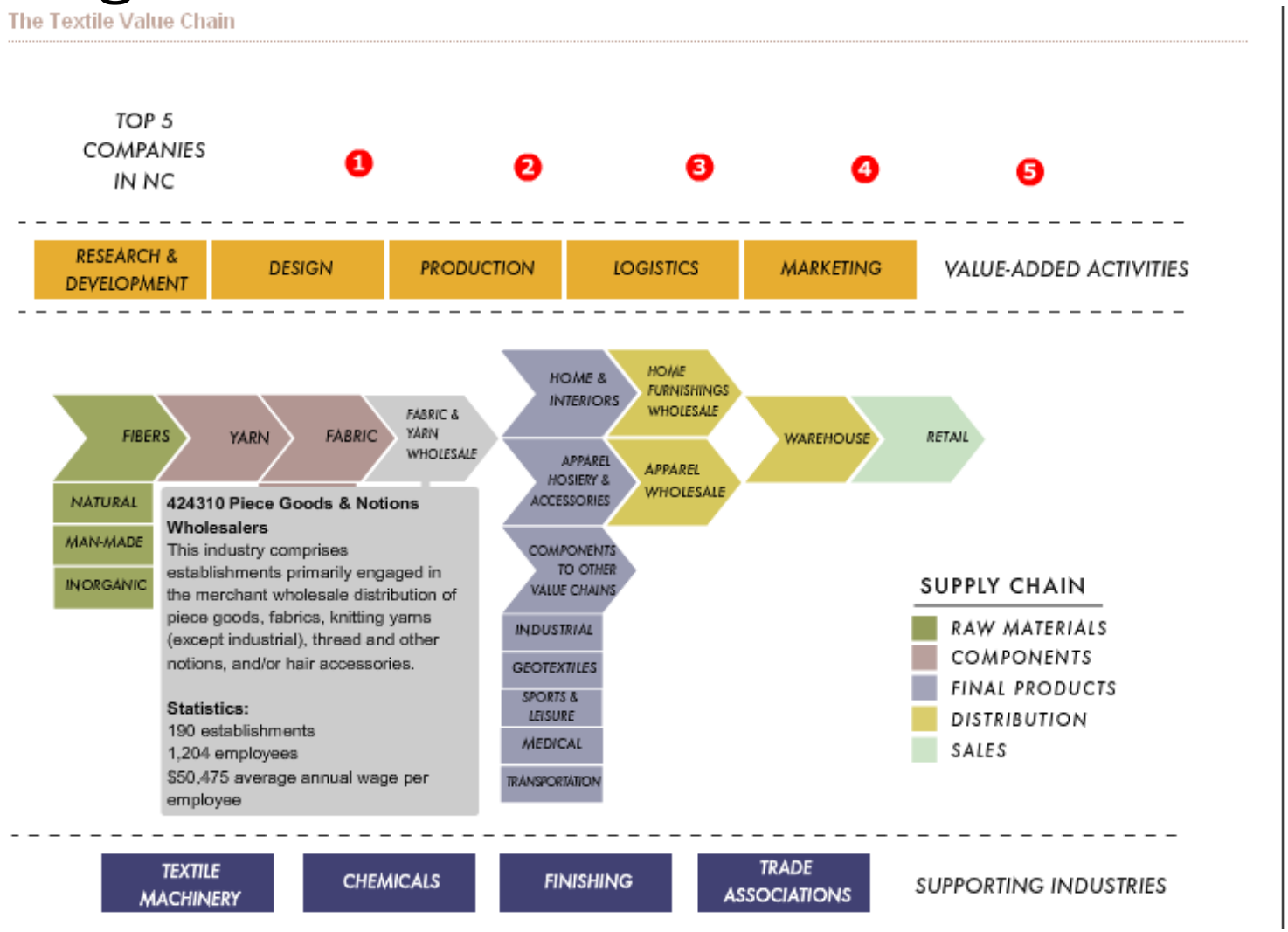
Measuring Global Trade → Prof. Gary Gereffi (Duke University)

A value chain describes the full range of activities that firms and workers carry out to bring a product from its conception to its end use and beyond.



Source: CGGC (http://www.cggc.duke.edu), More Information: Global Value Chains (www.globalvaluechains.org)

Textiles & Apparel: Interactive Value-Chain with Supporting Industries



Source: North Carolina in the Global Economy Project (http://www.soc.duke.edu/NC_GlobalEconomy/)

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Global Forum on Trade Statistics

Measuring Global Trade - Do we have the right numbers?

2-4 February 2011, Geneva, Switzerland

Agenda item 4a:
Implementing the improved methodological guidelines –

An overview of the main recommendations of international merchandise trade statistics (IMTS 2010) and the implementation programme

Presentation by Matthias Reister
Chief, International Merchandise Trade Statistics Section
Trade Statistics Branch, United Nations Statistics Division
E-mail: reister@un.org

IMTS 2010: New and updated recommendations

- Scope: Clarifications, separate identification of certain transactions;
- Valuation : **Imports on the FOB basis** in addition to the standard CIF valuation; valuation of specific categories of goods;
- Quantity: Further clarification;
- Partner country: Recording of a **second partner country** (country of consignment);
- **Mode of transport**: Add as additional data dimension;
- **Customs procedure codes**: Applied to individual transactions to be made part of the data set provided by customs.

IMTS 2010 Implementation: Updating the IMTS Compilers Manual

CONTENT

Part I Legal framework and data sources (Proposed chapters on: ♦ Legal framework; ♦ Customs declarations and related customs records; ♦ Non-customs administrative and other sources; ♦ Enterprise surveys and other surveys)

Part II Data compilation (Proposed chapters on: ♦ Institutional arrangements; ♦ Statistical territory and organization of data collection; ♦ Integration of data from different sources; ♦ Data processing and database management; ♦ Data quality: assurance, measurement and reporting; ♦ Data compilation in the case of customs unions; ♦ Integrating trade and business statistics)

IMTS 2010 Implementation: Updating the IMTS Compilers Manual

Part III Compilation of particular data items

(Proposed chapters on: ♦ Time of recording, ♦ Commodity classification, ♦Valuation,♦ Quantity measurement,♦ Partner country,♦ Mode of transport)

Part IV Compilation of data on trade in selected categories of goods (Proposed chapters on: ♦ Scope of IMTS; ♦ Goods for processing; ♦ Goods which cross borders as a result of transactions between related parties; ♦ Electricity, gas, oil and water; ♦ Ships and aircraft; ♦ Other special cases, ♦ Overview of data compilation for national accounts and balance of payment purposes)

Part V Metadata and dissemination

Part VI External trade indices and seasonally adjusted data

Upgrade of UN Comtrade 2011-2013

(i) New data variables recommended in IMTS 2010

- Mode of transport
- Country of consignment as second partner country
- FOB-type value for imports
- Customs procedure Codes / Identifier for special transactions (intra-firm trade, goods for processing etc.)

(ii) Adding monthly and quarterly trade data

→ 76 countries provide monthly data

(iii) Significant enhancement of metadata

The recommendations of the revised Manual on Statistics of international Trade in services, (MSITS 2010)

Bettina.Wistrom@OECD.org

OECD Statistics Directorate

Measuring Global Trade – Do we have the right numbers?

2-4 February 2011, Geneva, Switzerland.

General overview of MSITS 2010

Chapter I – General introduction and foundations

Chapter II – Conceptual framework

Chapter III – Services transactions between residents and non-residents

Chapter IV – Foreign affiliates statistics

Chapter V – Modes of supply

Services transactions between residents and non-residents

1. Manufacturing services on physical inputs owned by others
2. Maintenance and repair services
3. Transportation
4. Travel
5. Construction
6. Insurance and pension services
7. Financial services
8. Charges for the use of intellectual property
9. Telecommunications, computer and information services
10. Other business services
11. Personal, cultural and recreational services
12. Government goods and services

Foreign affiliates statistics

- **FATS (or FDI) by 'mother' country**
- Core variables
  - Sales (or turnover) and/or output
  - Employment
  - Value added
  - Exports and imports of goods and services
  - Number of enterprises

More variable: Assets, Compensation of employees, Net worth, Net operating surplus, Gross fixed capital formation, Taxes on income, Research and development expenditures, Purchase of goods and services.

MSITS 2010 Implementation: Results of the Global Forum

- Focus on implementation of MSITS 2010 (detailed service categories and FATS), including Compilation Guidance
- MORE DETAIL !
- Technical assistance
- Classification issues: CPC and Business Functions
- Compendium on international trade and global business statistics, containing best practices

Country perspective: Implementation Plans

Norway

- **Statistics Norway is exclusively responsible for all relevant statistics in this area**
  - IMTS (International Merchandise Trade Statistics)
  - SITS (Statistics of International Trade in Services)
  - FATS (Foreign Affiliates Statistics)
  - FDI (Foreign Direct Investment)
  - Travel and Tourism statistics
  - BoP (Balance of Payments)
    - BoP is an integrated part of NA
  - NA (National Accounts)

IMTS

- IMTS in Norway is mainly based on customs data
- However, very important data categories (oil, gas, ships and airplanes, electricity, coal) are based on direct reporting of transaction value from enterprises
- Customs data are transferred on a daily basis

Already implemented recommendations

- **One unique identification of all traders (same as in the business register and business statistics)**
- Mode of transport is included
- Use of customs procedures is included
- We do not have FOB type import, but we calculate value of freight and insurance for the BoP based on micro trade data
- Methods for data quality reports exist and are undergoing improvement.
- Dissemination: we apply the recommended setup
- Seasonal adjustment: we publish values monthly, indices quarterly
- SITC is generally used
- Reimport/reexport is covered

SITS

- Norges Bank (The Central Bank of Norway) abolished the ITRS-system (International Transactions Reporting System) in 2004
- The SITS is based on a quarterly sample survey established by Statistics Norway in 2005
  - about 4000 enterprises in annual survey and
  - about 400 in quarterly survey
- The quarterly survey now has an increased sample
  - **Quarterly sample size in 2011: 3000 enterprises**
- The annual survey was terminated in 2009

Areas in need of improvement

- Repairs and maintenance of goods
- Processing services
- Merchanting
- FATS is being established
  - Figures on *inward FATS* published in 2010
  - *Outward FATS* is under development
- Modes of supply of services
  - Little attention paid to modes of supply in Norway
  - Particularly poor data quality on Mode 4

Visions for ITS 2020 – some comments

- The presented visions should for a big part be possible to establish in a ten year period
- Burden on enterprises must not be too high
  - Statistics on globalized enterprises is complicated
- Confidentiality requirements is a serious issue
  - In particular in small countries
  - Passive confidentiality is not sufficient for enterprise surveys
- It is difficult to find resources for establishing new statistics
  - In particular when local demand is little (like for Second partner country data and Cost, insurance and freight)
  - Modes of supply, especially mode 4 will be difficult to identify

Country perspective: Implementation Plans

Hungary

Institutional arrangements: Hungarian Central Statistical Office Foreign Trade Statistics Department, since 2002

- Goods: In 2003 payment data were replaced by data from the Customs Authority
- Services: In 2005 switching from ITRS to direct reporting (quarterly data collection),
- Annual working plan:
  - Schedule on the introduction of new recommendation of BPM6
  - Consistent treatment of multinational enterprises
  - Joint forum in order to enforce the statistical needs with the Tax Authority
  - Register building of SPE's

Country perspective: Implementation Plans

Malaysia

Awareness Session

1. IMTS 2010 Awareness Session (Internal)
   - was held 6 August 2010

2. IMTS 2010 Awareness Session (External)
   - was held 1 December 2010
   - attended by Economic Planning Unit, Ministry of International Trade and Industry, Royal Malaysian Custom Department, Ministry of Finance etc.

3. Training on IMTS 2010
   - plan to be held on June 2011
   - will involve officers from External Trade Statistics Division and stakeholders

IMTS 2010	Implementation Plan
Goods for processing as well as **goods resulting from such processing** where no change of ownership takes place: Include and explicitly identify (preferably by special coding) in your trade statistics (para. 1.21)	DOSM has formed a committee to study on how to capture this information.

Current Practice - Compilation of ITS Data

Data sources

- International Transaction Reporting System (ITRS)-Central Bank
- Enterprise surveys - Transport
- Surveys of travellers and household expenditure surveys
- Official sources and government transactions

DOSM Plans Towards Implementation MSITS 2010 and BPM6

Development work:

1. Construct Frame on ITS
2. Construct Frame on Specific Services:
   Manufacturing Services and Maintenance & Repair
3. Inward FATS
4. Outward FATS

Developmental work 1: Construct Frame on ITS

Economic Census 2011 – Question on Import & Import of Goods and Services

Seksyen / *Section:* **D** **IMPORT DAN EKSPORT** *IMPORTS AND EXPORTS*

D1 Sila nyatakan jumlah import dan eksport:
Please state total imports and exports:

			Import / *Imports* RM		Eksport / *Exports* RM	
			46		46	
1	Barangan *Goods*	58		60		
2	Perkhidmatan *Services*	59		61		

- Collaborate with other relevant agencies
  - Malaysia Investment Development Authority (MIDA)
  - Central Bank (BNM)
  - Companies Commission of Malaysia

Developmental work 2: Construct frame on Manufacturing Services and Maintenance & Repair

Incorporate relevant questions in Economic Census 2011 to construct ITS Frame particularly on companies involve in cross border Manufacturing Services and Maintenance & Repair

8.2 **Pendapatan daripada perkhidmatan perindustrian yang diberikan:**
Income from industrial services rendered:

8.2.1 **Bayaran diterima bagi kerja memproses yang dibuat untuk pertubuhan lain yang menggunakan bahan mereka sendiri** 02
Fee received for processing work done for other establishments' on their materials

8.2.2 **Pendapatan daripada kerja membaiki dan menyelenggarakan jentera dan kelengkapan pertubuhan lain** 03
Income from repairs and maintenance work done on other establishments' machinery and equipment

EXPORT FROM PROCESSING WORK DONE AND REPAIR MAINTENANCE FOR OTHER ESTABLISHMENT

16.b2 **Jika Soalan 8.2.1 dilaporkan, sila nyatakan peratus (%) pendapatan yang diterima dari luar negara bagi kerja memproses yang dibuat untuk pertubuhan lain** 74 (15)
If Question 8.2.1 is reported, please state the percentage (%) of income received from abroad for processing work done for other establishment

16.b3 **Jika Soalan 8.2.2 dilaporkan, sila nyatakan peratus (%) pendapatan yang diterima dari luar negara bagi kerja membaiki dan menyelenggara jentera dan kelengkapan untuk pertubuhan lain** 75 (15)
If Question 8.2.2 is reported, please state the percentage (%) of income received from abroad for repairs and maintenance work done for other establishment

Developmental work 3: Inward FATS (con't)

Economic Census 2011 – Question on Ownership Structure

Soalan / *Question:* **3** **DANA PEMEGANG SAHAM DAN STRUKTUR HAK MILIK**
SHAREHOLDERS' FUND AND OWNERSHIP STRUCTURE

3.1 **Dana Pemegang Saham:** *Shareholders' Fund:*

Seperti pada 31.12.2010 / *As at 31.12.2010*

			RM 00
3.1.1	**Modal Berbayar** * / *Paid-Up Capital* *	31	
3.1.2	**Rizab** / *Reserves*	32	

3.2 **Struktur Hak Milik** / *Ownership Structure*

Sila laporkan hak milik pertubuhan berdasarkan modal berbayar seperti pada 31 Disember 2010:
Please report the ownership of the establishment based on the paid-up capital as at 31 December 2010:

			Peratus / *Percentage* (%) 00			Peratus / *Percentage* (%) 00
3.2.1	**Dipegang oleh Residen Malaysia** *Held by Malaysian Resident*					
3.2.1.1	**Individu** / *Individual:*					
(a)	**Bumiputera:**					
	Melayu / *Malay*	33		**Bajau** / *Bajau*	36	
	Iban / *Iban*	34		**Kadazan** / *Kadazan*	37	
	Bidayuh / *Bidayuh*	35		**Bumiputera Lain** / *Other Bumiputera*	38	
(b)	**Cina** / *Chinese*				39	
(c)	**India** / *Indians*				40	
(d)	**Lain-lain** / *Others*				41	
3.2.1.2	**Institusi / Syarikat:** *Institutions / Companies:*					
(a)	**Bumiputera** / *Bumiputera*				42	
(b)	**Bukan Bumiputera** / *Non Bumiputera*				43	
3.2.2	**Dipegang oleh Agensi Kerajaan Persekutuan, Negeri dan Tempatan** *Held directly by Federal, State and Local Government Agencies*				44	
3.2.3	**Dipegang secara langsung oleh bukan Residen Malaysia** *Held directly by Non-Malaysian Residents*				45	
	JUMLAH *TOTAL*					1 0 0

Developmental work 3: Inward FATS (con't)

Economic Census 2011
Question on Ultimate Controlling Institutional (UCI)

Jika modal berbayar pertubuhan tuan dipegang 51 peratus dan ke atas oleh syarikat / individu di luar negara, secara langsung atau tidak langsung, sila nyatakan negara syarikat induk muktamad

If your establishment's paid up capital is directly or indirectly held 51 per cent or more by a foreign company / individual, please specify the country of the ultimate parent company

.....

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Session 3: Data Sources

Compilation of international merchandise trade statistics: Future of customs recording and seizing the potential of non-customs administrative sources and enterprise surveys

» Presentation by Ms. Sandra Tudor of HM Revenue & Customs, United Kingdom

» Presentation by Mr. Roland Boudreau of Statistics Canada

» Presentation by Mr. Houssaine Ouljour of Foreign Exchange Office, Morocco

» Presentation by Ms. Estela de Guzman of Philippine National Statistics Office

Compilation of statistics of international trade in services: Future of ITRS and enterprise surveys

» Presentation by Mr. Jose Antonio Isanta of National Institute of Statistics, Spain

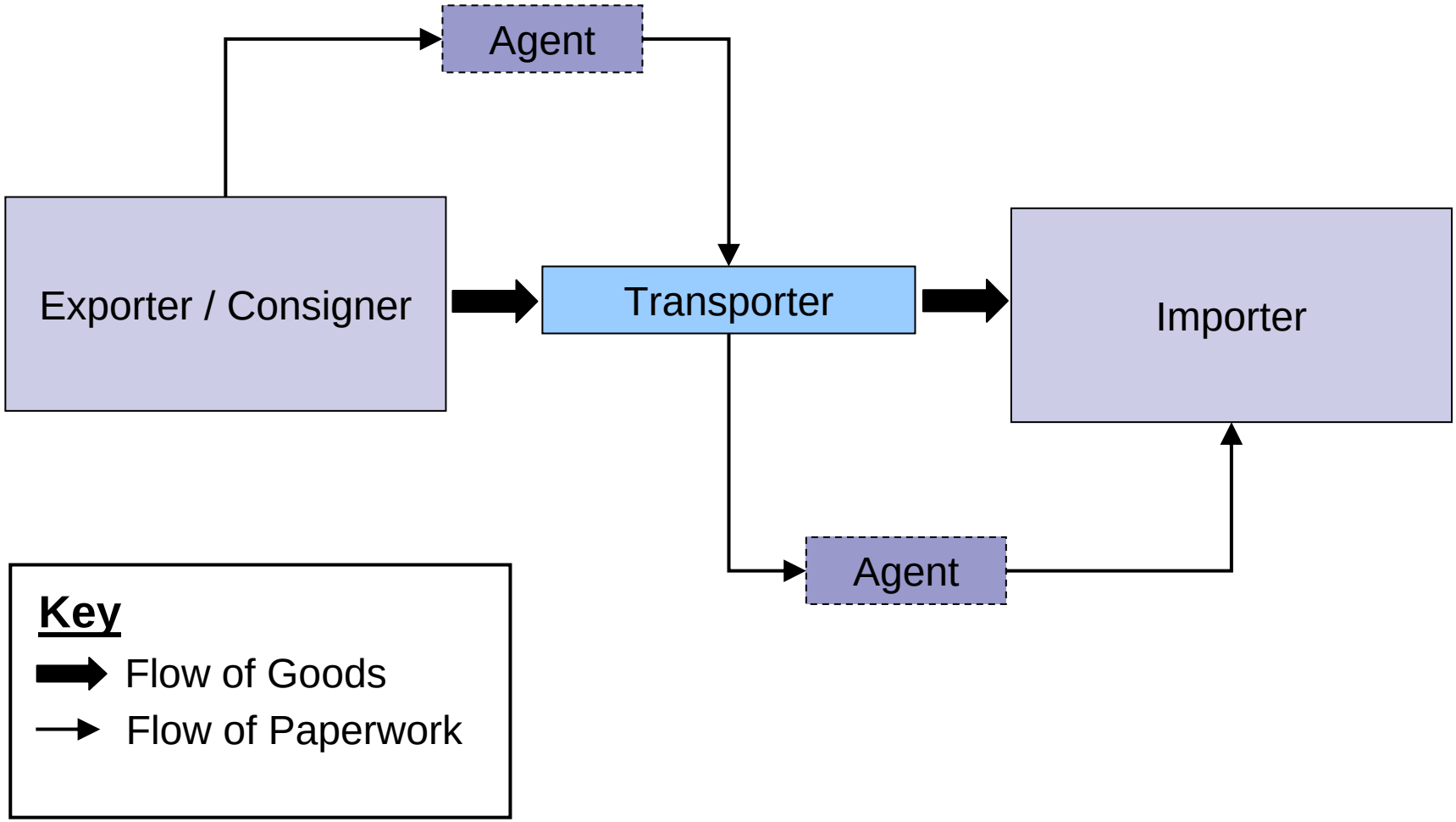
» Presentation by Ms. Thi Quynh Loi Pham of General Statistics Office, Viet Nam

» Presentation by Ms. Ka-lin Karen Chan of Census and Statistics Department, Hong Kong Special Administrative Region of China

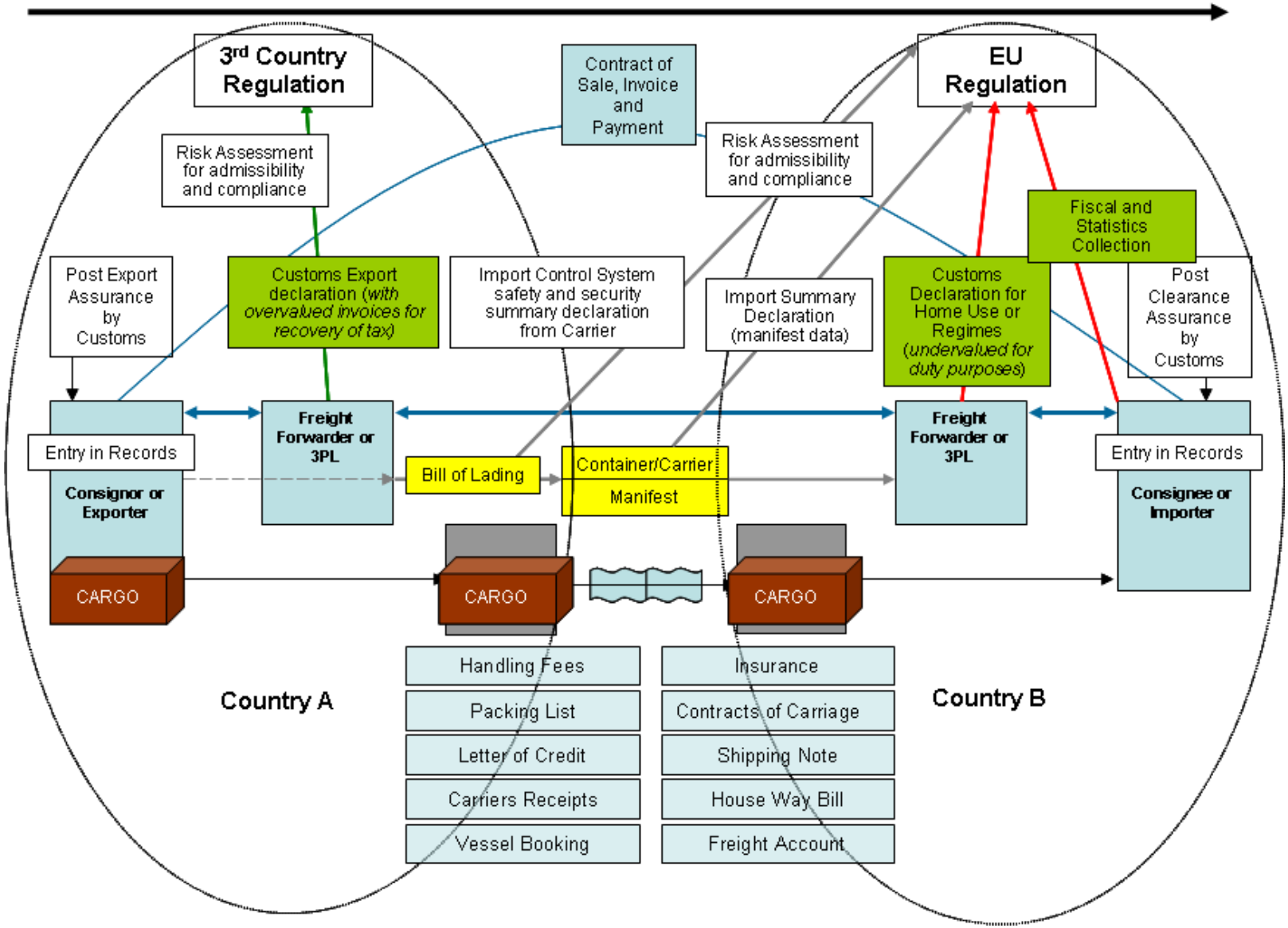
Data Sources

United Kingdom

Current Customs System - Simplified



Current Customs System - Detailed

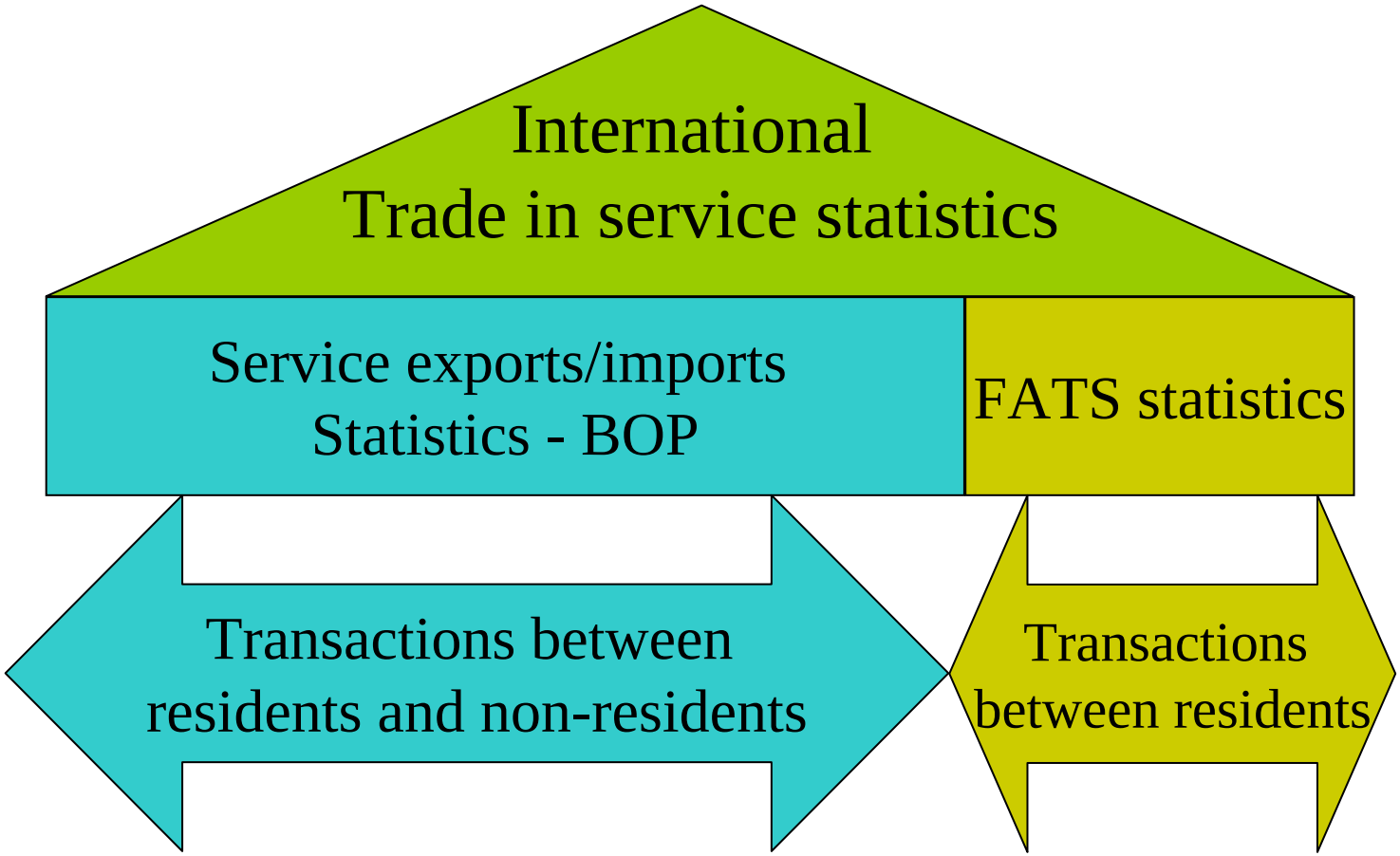


Data Sources

Viet Nam

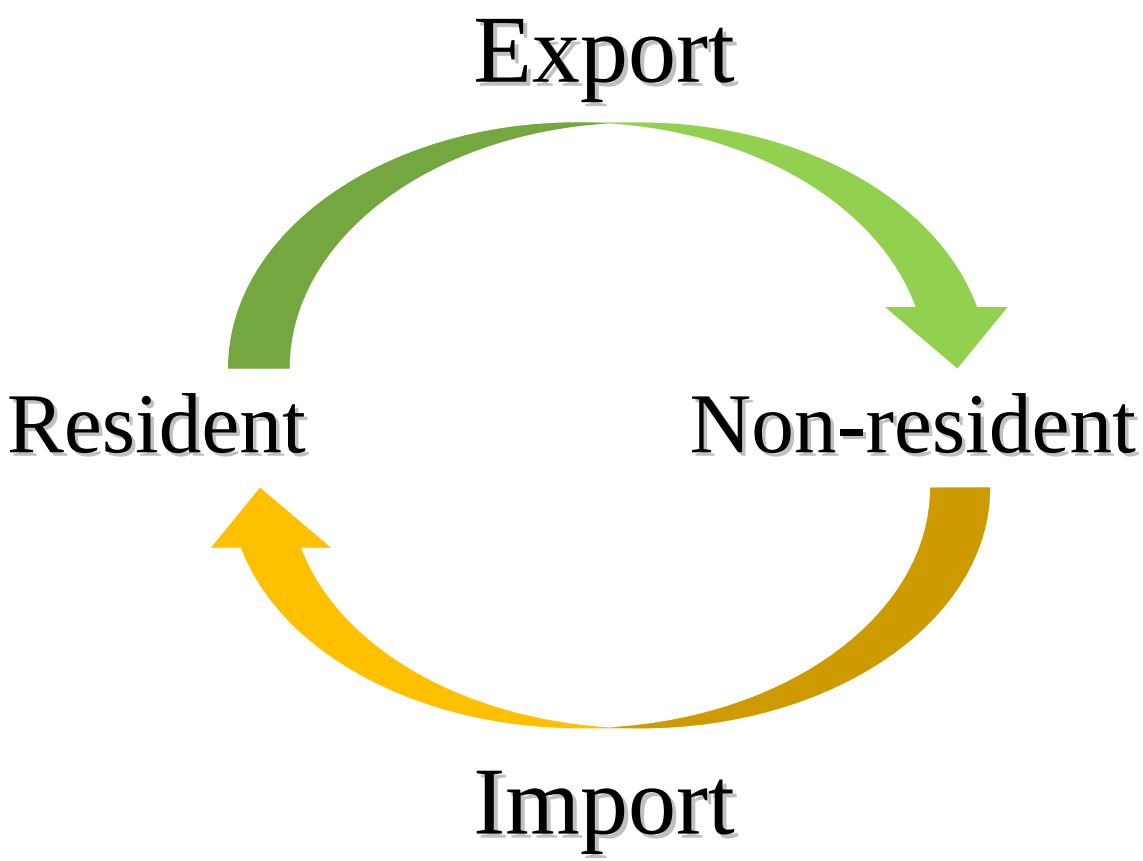
ITS measuring

1. International Standard



ITS measuring

2. Service exports/imports measuring in BOP and SNA



ITS measuring

Development of the statistical surveys

1. ITS surveys and relating surveys are included in the National Statistical Survey Program since 2008, which was signed by the PM
2. ITS census 5 yearly (since 2009)
3. ITS quarterly sample survey, planned from 2011
4. I, F sample survey 5 yearly
5. Survey on visitor's expenditure 2 yearly

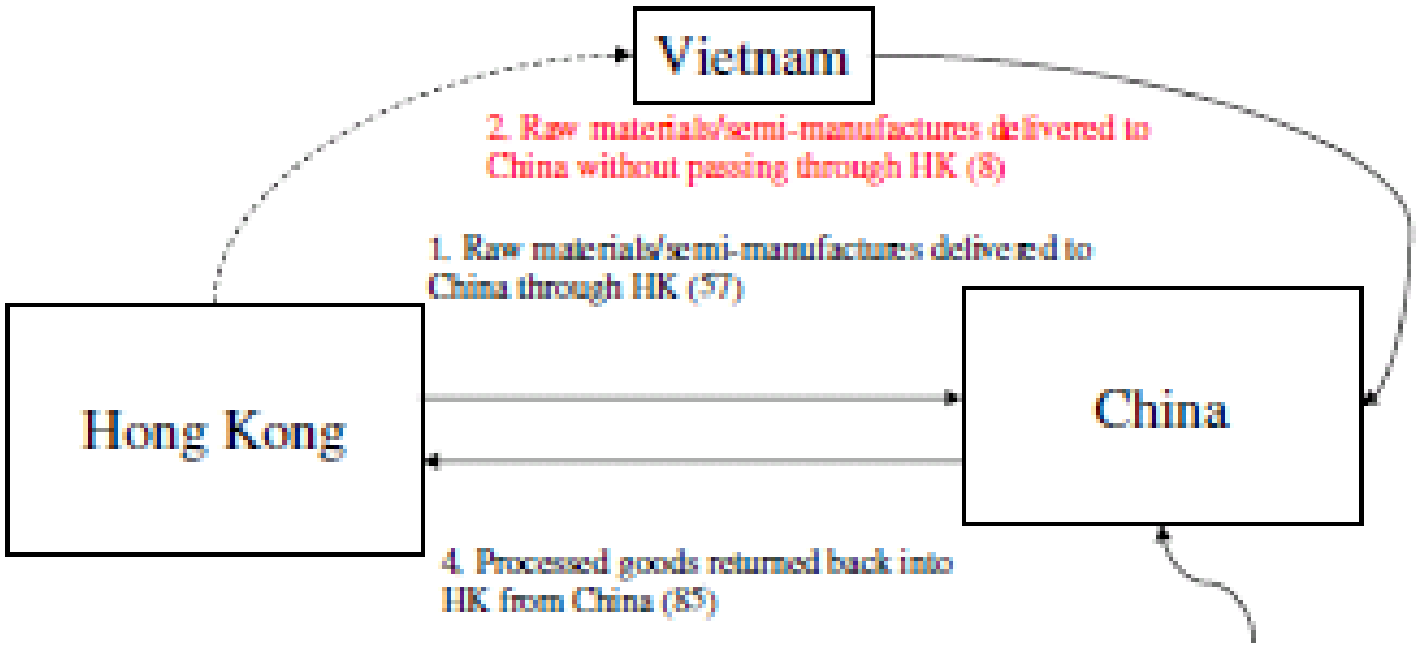
ITS census 2009 - Results: ITS value by kind of service, partner country, kind of enterprise (state owned, non-state owned, FDI), by province/ city

ITS census 2009 - Challenges: Services comprise a heterogeneous range of sectors; More difficult than IMTS; Lack of knowledge about SITS by enterprises; Data are sensitive to collect; Low response rate in surveys.

Future plan: Quarterly sample surveys on ITS; Will be conducted from 2011; Sampling: based on the results of census 2009; Unit of surveys: all of sea/air transport/ communication/ insurance enterprises, sample survey for enterprises having other services. More detailed and careful guidelines; More detailed classification according to EBOPS; Classify by large partner countries

China, Hong Kong

Typical trade flows of outward processing trade of Hong Kong (US$)



New international standard:

57 → deducted from exports of goods

85 → deducted from imports of goods

28:

8 → imports of goods

2 } imports of services

Processing fee ← 18 }

Enhanced the Survey on Trade Involving Outward Processing in the Mainland of China

Preliminary results of the enhanced survey

- Among imports from China involving outward processing,
  - around 70% were under the arrangement of "processing and assembling"
  - of which:
    - around 20% were processing fee;
    - around 70% were raw materials / semi-manufactures procured by Hong Kong traders and exported from / through Hong Kong;
    - around 10% were raw materials / semi-manufactures procured by Hong Kong traders without going through Hong Kong;
    - around 2-3% were raw materials / semi-manufactures procured by Mainland processing factories

Way Forward

- Dissemination plan:
  - Conventional merchandise trade statistics will continue to be compiled
  - Supplementary set of trade in goods and trade in services statistics based on the "change of ownership" principle under the *BPM6* will be compiled starting from 2012 for the reference period 2011
- **Educational and publicity work:**
  - Provide bridge tables explaining the gaps between the two sets of figures
  - Publish educational leaflets with illustrative applications for two sets of trade in goods figures
  - Engage different target groups of stakeholders (e.g. media, academia, economic analysts, teachers of secondary schools)

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Session 4: Global Production and Outsourcing of Business Functions

Measuring Global Value Chains: Data Gaps and New Approaches

» Presentation by Dr. Timothy Sturgeon of the Massachusetts Institute of Technology, USA

International Sourcing of Business Functions

» Presentation by Mr. Peter Boegh Nielsen of Statistics Denmark

Goods for processing: Iceland experience

» Presentation by Ms. Audur Svavarsdottir of Statistics Iceland

Goods for processing: China experience

» Presentation by Ms. Jin Hongman of General Customs Administration, China

The Handbook on the Impact of Globalisation on National Accounts

» Presentation by Ms. Tihomira Dimova of UNECE and Mr. Art Ridgeway of Statistics Canada

Multi-National Enterprises and Foreign Affiliates

» Presentation by Mr. Szymon Bielecki of EUROSTAT
» Presentation by Mr. René Dell'Mour of Austrian Central Bank
» Presentation by Ms. Angsupalee Wacharakiat of Bank of Thailand
» Presentation by Mr. Michael Hanni of UNCTAD

Global Production → Pascal Lamy (WTO)

- Starting point: Traditional boundaries are disappearing. Inter-connectivity of production processes.
- Importance of Container and the Internet in expanding Trade
- Concept of country of origin – Questionable in terms of value-added
- Distinction between goods and services becomes blurred.
- Challenge – Measure the global production process including all services
- Measure also the impact of Trade on Employment
- **Make everyone aware of the fragmentation of the production process and move the measurement of it forward**

Global Production → Tim Sturgeon (MIT)

The seventeen product categories collected by the Bureau of Economic Analysis for traded private services

Travel, passenger fares, and other transportation (1)	Royalties and license fees (2)	Education (3)
Financial services (4)	Insurance services (5)	Telecommunications (6)
Business, professional, and technical services		
Computer and information services Computer and data processing services (7) Database and other information services (8)	Management and consulting services (9)	Research, development and testing (10)
Construction, architectural, engineering (11)	Industrial engineering services (12)	Operational leasing (13)
Installation, maintenance, and equipment repair (14)	Advertising (15)	Legal services (16)
Other business, professional, and technical services (17)		

- UN HTC (Comtrade) product codes for traded goods = 8,000
- US Department of Commerce product codes for traded goods = 16,000

But, should this detail be replicated for services (e.g., NAPCS)?

- Harmonization on Central Product Classification (CPC) scheme?
  - 586 5-digit services products, 34% of total
  - (1,145 5-digit goods products, 66% of total)

Global Production → Tim Sturgeon (MIT)

Examples of critical policy questions we can't ask from existing data on services trade…

• What is going on in the service product categories that have been mentioned as commonly moving offshore, such as the wide variety of back-office functions like accounting, customer support, and software programming?

• Is trade increasing quickly in higher end services such as radiology image interpretation, market and legal research, and research to supports financial services?

• Are customized software services staying onshore while only basic software coding is moving offshore, or is higher-skilled work and work related to innovation and new product creation also being imported?

Global Production → Peter Boegh Nielsen (Statistics Denmark)

Core business function:

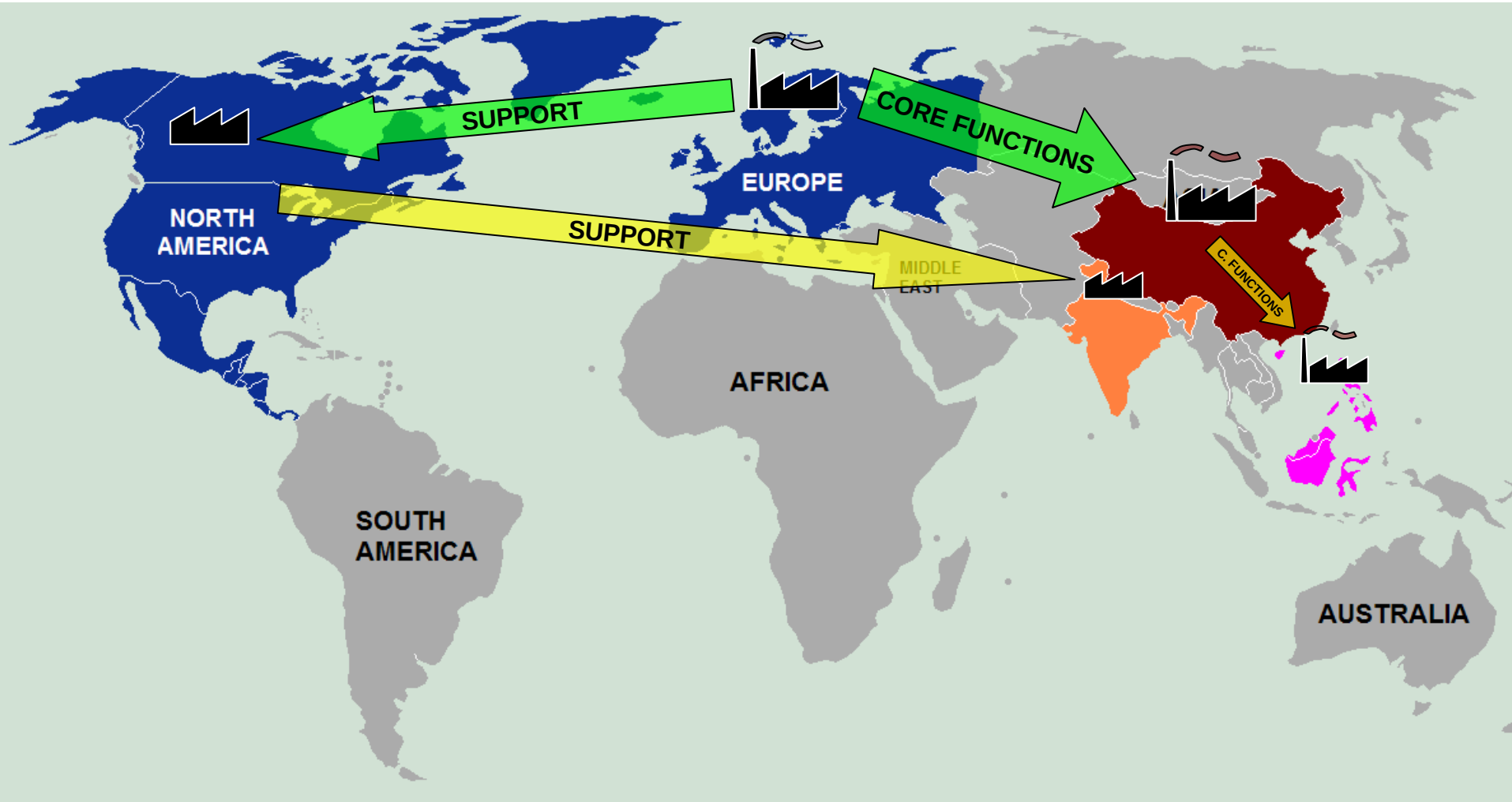
Production of final goods or services intended for the market/for third parties carried out by the enterprise and yielding income.

Support business function:

Support business functions (ancillary activities) are carried out in order to permit or facilitate production of goods or services intended for the market/for third parties by the enterprise.

Distribution and logistics
Marketing, sales and after sales services
ICT services
Administrative and management functions
Engineering and related technical services
Research & Development
Other support functions

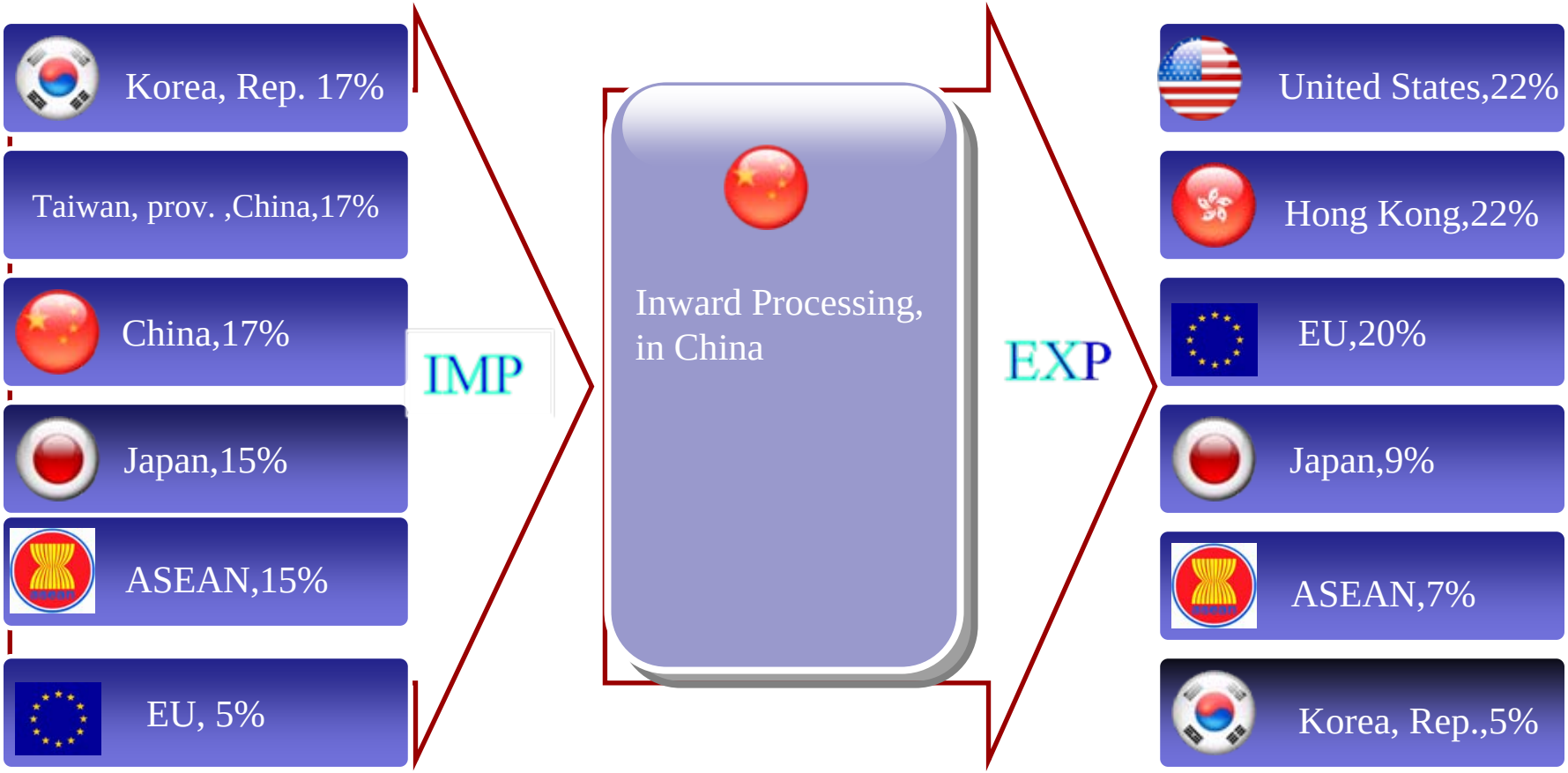
Global Production → Peter Boegh Nielsen (Statistics Denmark)



Goods for Processing

China

Major Trade Partner



Goods for Processing

Iceland

Iceland as a processing country (cont.)

Trade in goods: Export of finished processed goods, no change of ownership, % of total export:

Year	% of total export of goods
2006	10.4
2007	14.0
2008	13.7
2009	10.7

Iceland as a processing country (cont.)

Trade in services: If the processing fee (manufacturing services on physical output owned by others) would have been included in trade in services =>

Year	Increase in exports of services
2006	16.3
2007	20.9
2008	25.4
2009	14.3

Group of Experts on the Impact of Globalization on National Accounts

Art Ridgeway, Statistics Canada

Tihomira Dimova, UNECE

3 February 2011

Globalization factors and NA measures

Global phenomenon	*National accounts items most affected*
Arrangements within MNEs, including transfer pricing	**Allocation of GVA/GDP across countries; international trade in goods and services; investment income and financial flows**
FDI relationships	Investment income and financial flows; i.i.p.
Special purpose entities (SPEs)	International trade in services; investment income and financial flows; i.i.p.
Goods sent abroad for processing	**GVA/GDP; international trade in goods and services**
Merchanting	International trade in goods (and possibly services)

Globalization factors and NA measures

Global phenomenon	*National accounts items most affected*
International trade in intellectual property assets	GVA/GDP; capital formation; international trade in assets and related services
Quasi-transit trade	GVA/GDP; international trade in goods
International labour movement and remittances	GNI, gross national disposable income, international transfers
Ownership of property abroad	International trade in services; investment income and financial flows; i.i.p.
Internet trading	International trade in goods and services; household consumption

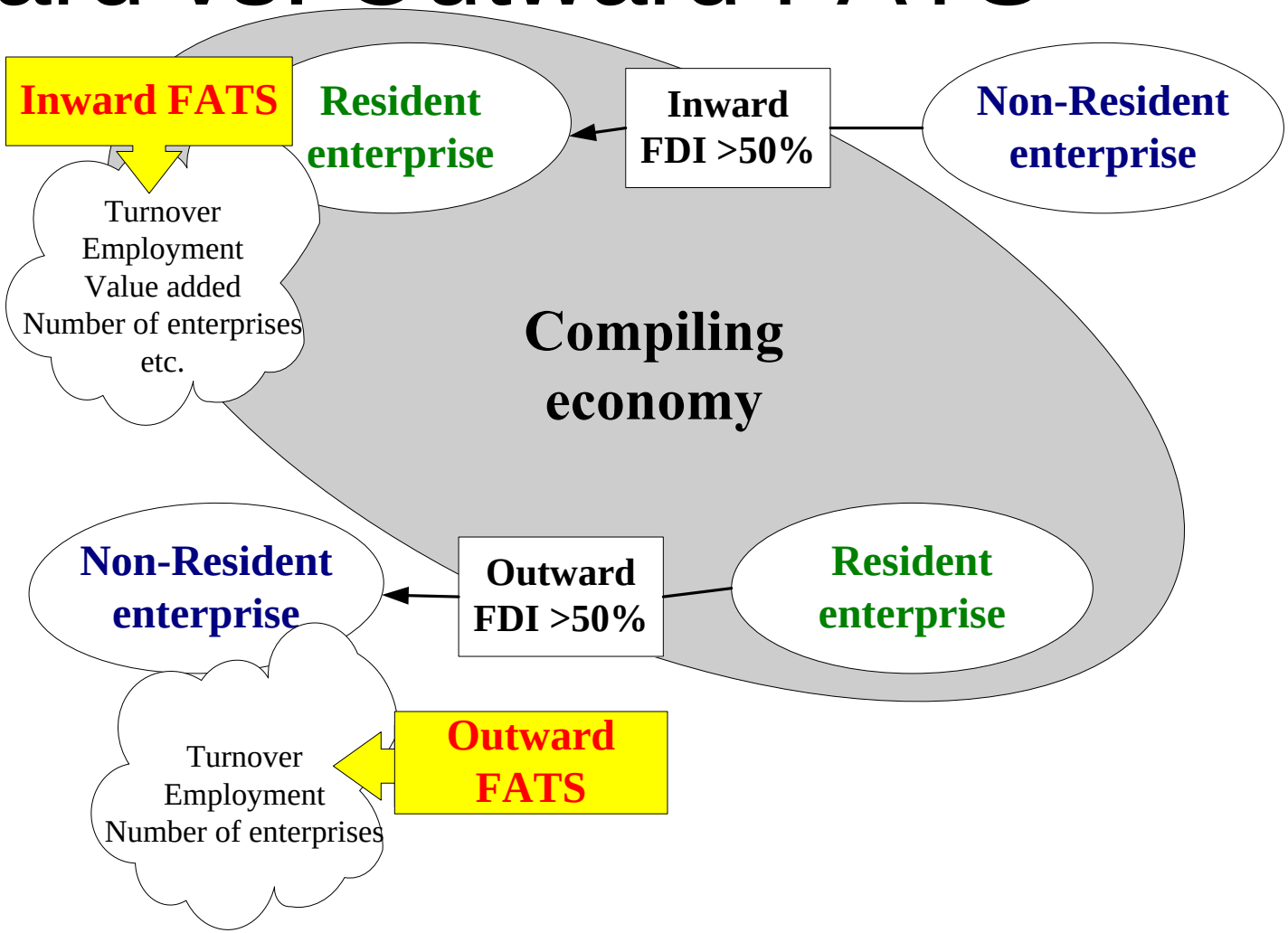
Activities of multinational enterprises – Eurostat's approach

Szymon Bielecki

European Commission

Eurostat, Unit G2 Structural Business Statistics

Inward vs. Outward FATS



Obligatory FATS characteristics (variables)

- Number of enterprises
- Turnover
- Number of persons employed

} Inward & Outward FATS

- Value added at factor cost
- Gross investment in tangible goods
- Personnel costs
- Production value
- Total purchases of goods and services
- Purchases of goods and services for resale
- Total intra-mural R&D expenditure
- Total number of R&D personnel

} Inward FATS

New Statistics at no Costs?

The Case of a Joint Compilation of FDI and FATS Statistics in Austria

Global Forum on Trade Statistics

René Dell'mour, Austrian National Bank
Geneva, February 3rd 2011

Co-operation NSI and NCB

Legislative body commissioned Statistics Austria with the compilation of FATS-Statistics

in close co-operation with OeNB

- **Existed on an informal basis for many years (BOP-NA)**
- **Formalized in 2002 when "Trade in Services" was handed over to NSI**
  Quarterly Meetings at the top level
  Individual Contracts for specific tasks
- **statistical law not only allows, but requires use of existing statistical or administrative data**
- **exchange of micro-data between both institutions permitted**

- **Clear focus of expertise**
- **NSI – General economic statistics**
- **NCB – Financial issues, Financial sector**

(Selected) Areas of Co-operation

Balance of Payments

- NSI provides trade in services, current transfers, compensation of employees

(Statistical) Business register

- Regular reconciliation, exchange of identifiers, common identifiers
- Identical classifications of activity and sectors of units improve quality of statistics

FISIM and Income

- NCB provides data on financial stocks, income flows and interest rates
- NSI calculates FISIM and returns FISIM for BOP -> identical data for SNA

Structural business statistics

- NCB provides non-financial data for banks (employment, investment, etc.)

.

and FATS

Overview of Sessions

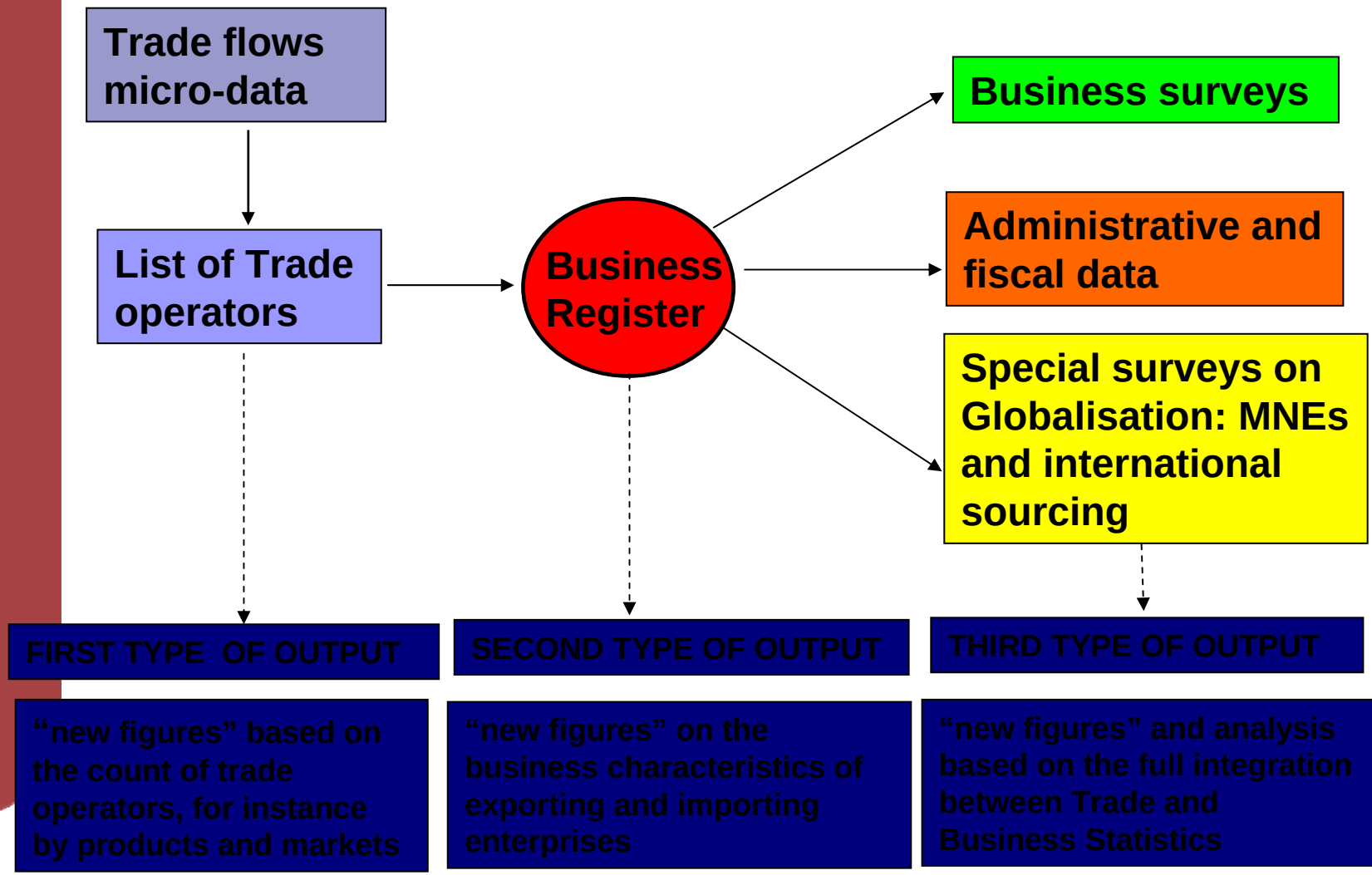
1. **Measuring Global Trade**
2. **New Recommendations IMTS / SITS**
3. **Data Sources**
4. **Global Production and Outsourcing**
5. **Linking Trade and Business Statistics**
6. **Trade in Value-Added**

Linking Trade and Business Statistics

Italy

The set up of a new statistical frame based on the integration at the enterprise level between Trade and Business statistics

The link between the list of trade operators and the Business Register is the GATEWAY to any new and successful developments in trade statistics



Linking Trade and Business Statistics

Brazil

Linking Trade and Business Statistics

(b) How are the data sources linked? Do you keep them in one or several databases?

SOURCES OF BRAZILIAN FOREIGN TRADE STATISTICAL DATABASE

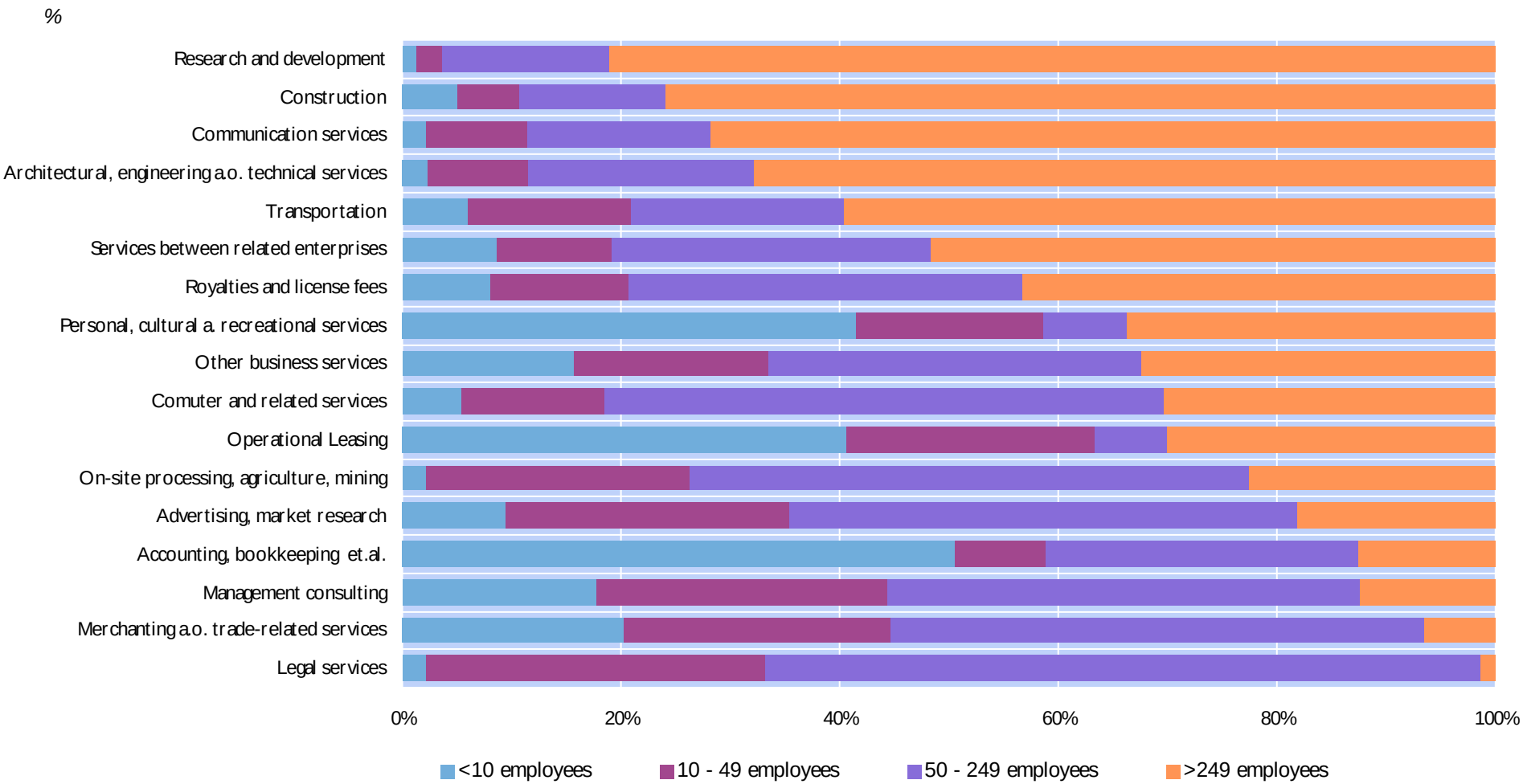
2 – **LINK:** SISCOMEX ⇔ **CNPJ/CPF** ⇔ CNAE + RAIS

Foreign Trade Statistics ⇔ **CNPJ/CPF** ⇔ Companies Data

Linking Trade and Business Statistics

Austria

Link between Exports and Enterprise Size (Staff) by Service Category 2008

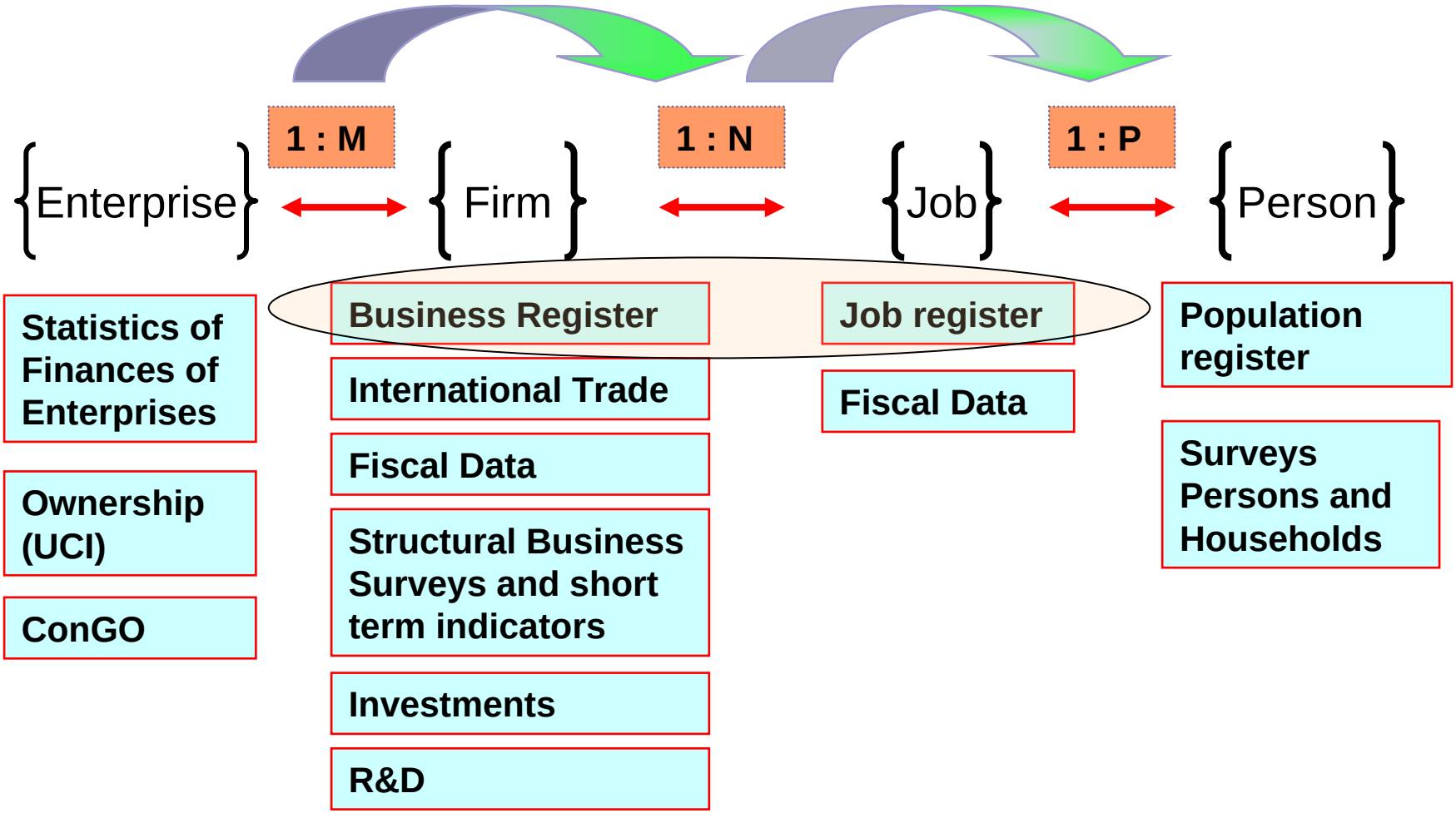


Source: OeNB, Statistics Austria.

Linking Trade and Business Statistics

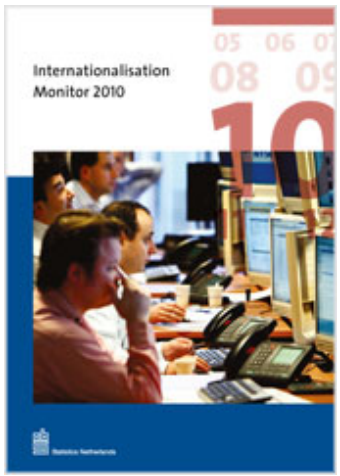
Netherlands

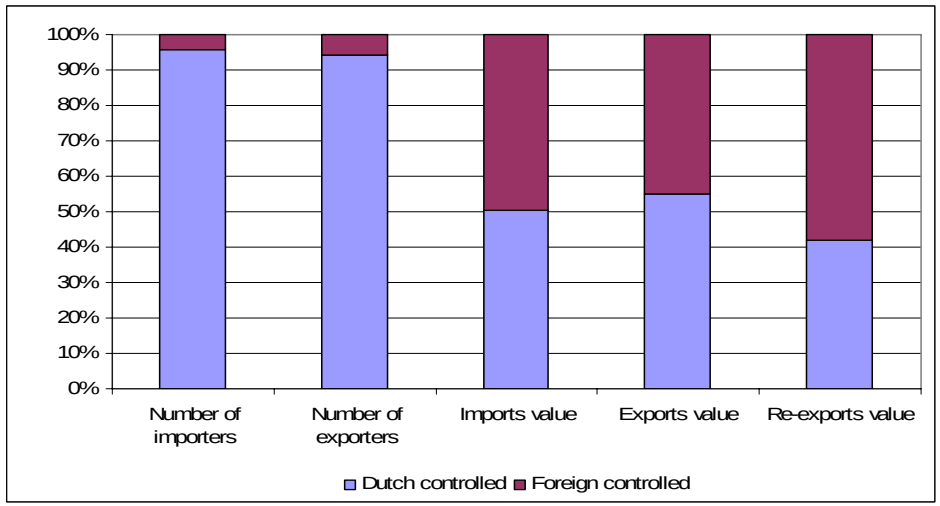
Integrating economical, functional and social statistics



Results of Statistics Netherlands

- Geographical concentration of exports (2007)
- Traders are more productive (2008)
- Share of SMEs in export > 50% (2009)
- Traders pay higher wages (2010)



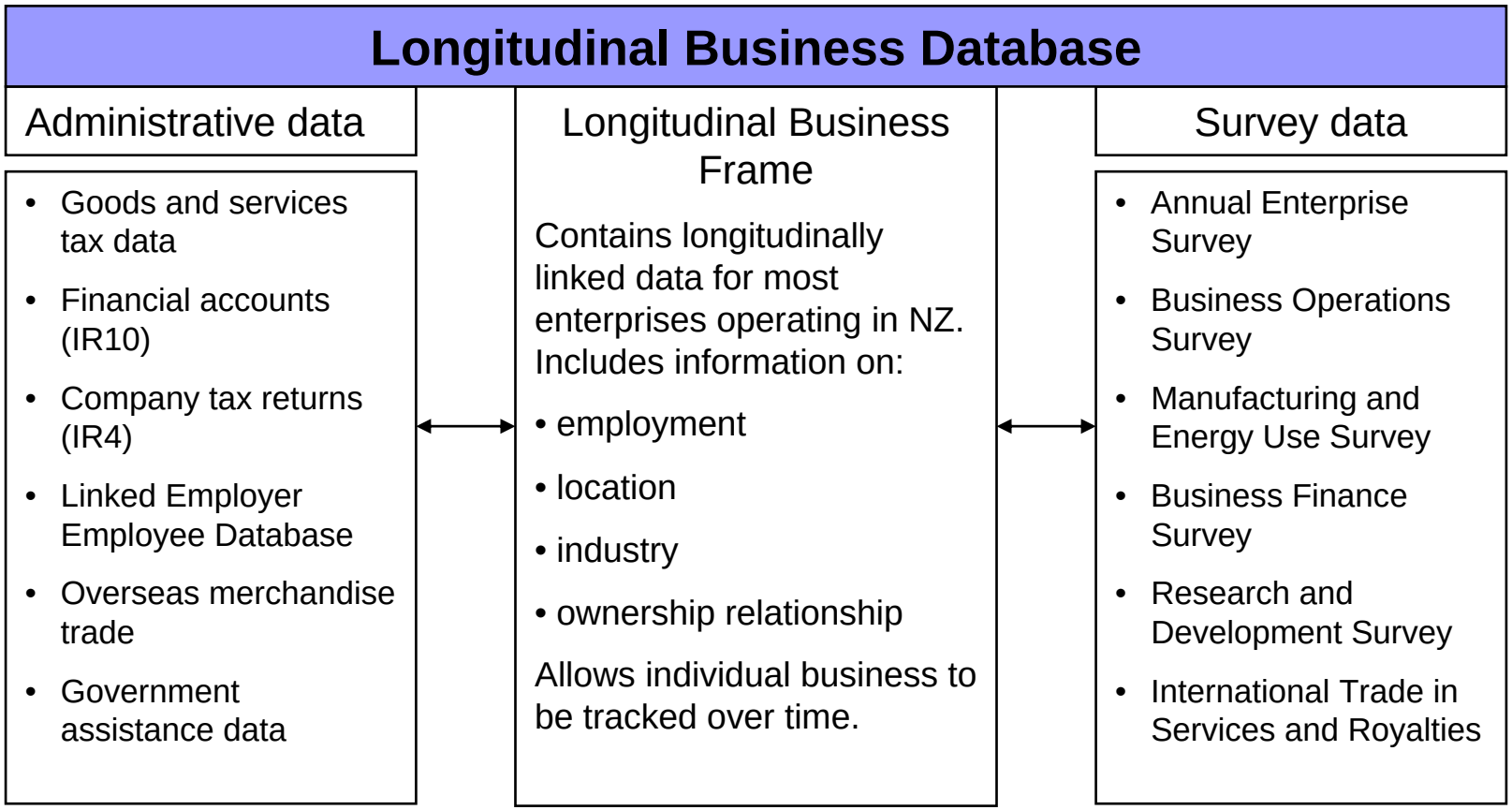


Published in Internationalisation Monitor 2007-2010

Linking Trade and Business Statistics

New Zealand

What's in the LBD?



Protocols for using the LBD

- Integrating data raises issues around privacy, confidentiality, and security
  - access is granted to government employees for research purposes
  - non-departmental research access is by secondment
  - anonymised data accessed only through the Data Lab
  - outputs subject to confidentiality checks.

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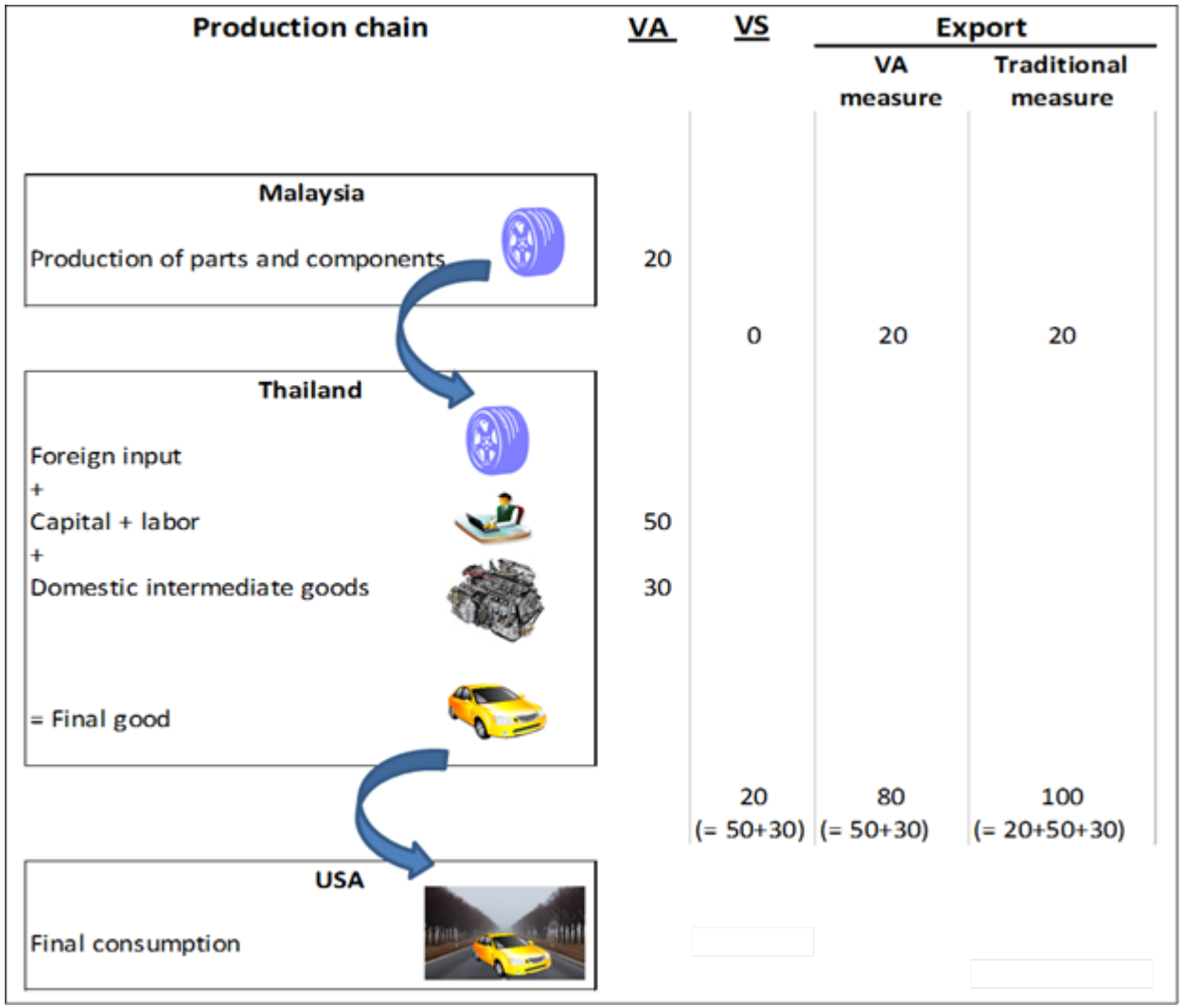
Trade in Value-added

WTO

Measuring value added and vertical specialization – an illustrative example

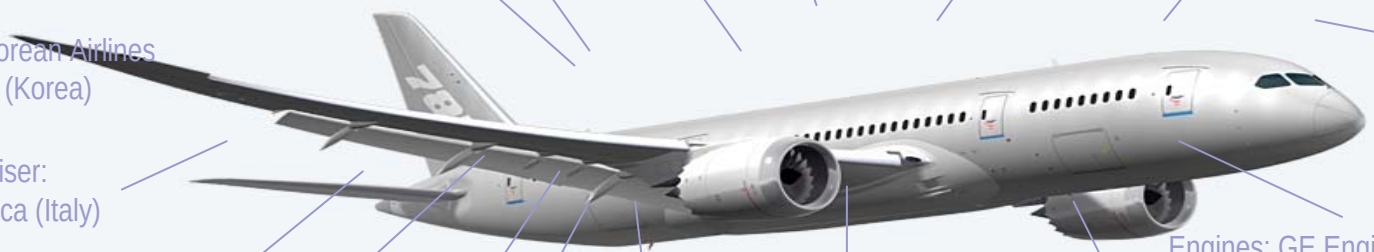


Source: WTO

Trade in Value-added

OECD

Fragmentation of production: the example of the Boeing 787 Dreamliner



Wing box: Mitsubishi Heavy Industries (Japan)
Wing ice protection: GKN Aerospace (UK)

Centre fuselage: Alenia Aeronautica (Italy)

Forward fuselage:
Kawasaki Heavy Industries (Japan)
Spirit Aerosystems (USA)

Escape slides: Air Cruisers (USA)

Rear fuselage:
Boeing South Carolina (USA)

Vertical Stabiliser: Boeing
Commercial Airplanes (USA)

Doors & windows:
Zodiac Aerospace (USA)
PPG Aerospace (USA)

Lavatories:
Jamco (Japan)

Flight deck seats:
Ipeco (UK)

Raked wing tips: Korean Airlines
Aerospace division (Korea)

Flight deck controls:
Esterline (USA),
Moog (USA)

Horizontal Stabiliser:
Alenia Aeronautica (Italy)

Engines: GE Engines (USA),
Rolls Royce (UK)

Aux. power unit: Hamilton
Sundstrand (USA)

Centre wing box:
Fuji Heavy Industries (Japan)

Engine nacelles: Goodrich (USA)

Passenger doors:
Latécoère Aéroservices (France)

Tools/Software: Dassault Systemes (France)
Navigation: Honeywell (USA)
Pilot control system: Rockwell Colins (USA)
Wiring: Safran (France)

Cargo doors: Saab (Sweden)

Landing gear: Messier-Dowti (France)
Electric brakes: Messier-Bugatti (France)
Tires: Bridgestone Tires (Japan)

Prepreg composites:
Toray (Japan)

Final assembly: Boeing
Commercial Airplanes (USA)

Source: www.newairplane.com

The iPhone example (Xing and Detert, 2010)

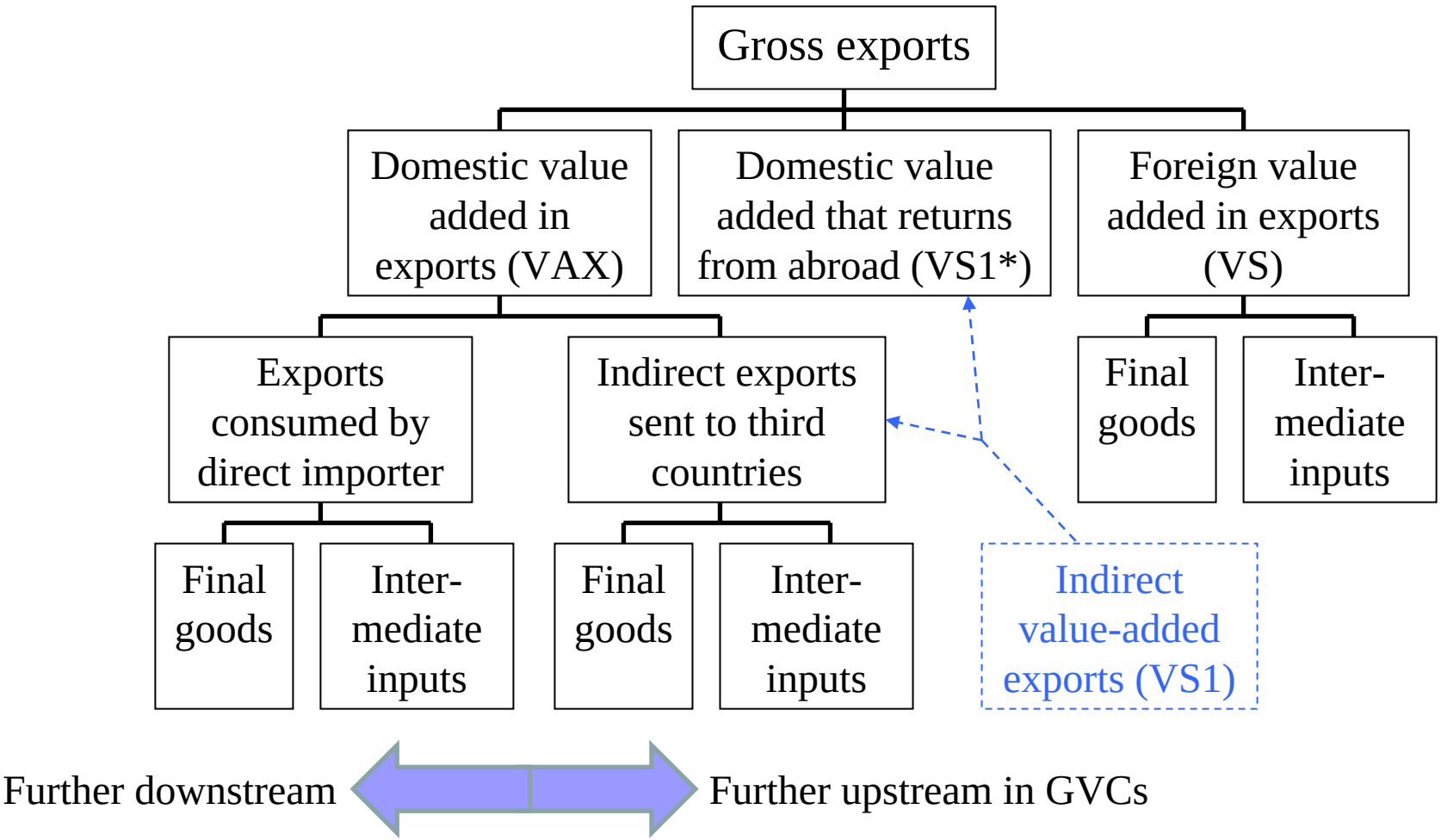
Apple sold 11.3 million iPhones in the US in 2009

2009 US trade balance in iPhones (mio USD)	CHN	JPN	KOR	GER	ROW	World
Gross	-1,901.2	0	0	0	0	-1,901.2
Value added	48.1	-684.8	-259.4	-340.7	-542.9	-1,901.2

Trade in Value-added

USITC

Completely decomposes gross exports



Vision of the future of international trade statistics

Responding to demands of policy makers for more information on international trade and its relation to global value chains, employment, environment and the interdependence of economies, the participants of the Global Forum on Trade Statistics identify the following points of improvement.

Improve the relevance of international trade statistics by connecting trade information and integrating it with its economic, social, environmental and financial dimensions while minimizing the response burden.

Improve the statistical production process by better defining and organizing the co-operation among national stakeholders

Improve international classifications and correspondence tables relevant for research on international trade and globalization, such as research on trade in value added, on global value chains and on outsourcing of business functions.

Follow-up to the Global Forum

- Focus on implementation, including Compilation guidance
  - **More detail on Trade in Services statistics**

- Compendium on international trade and global business statistics, containing best practices
- Classification issues: BEC and intermediate goods; CPC and business functions
- Research Agenda:
  - **Trade and business register**
  - **Imbalances in partner statistics**, Global value chains and the international dimension of production
  - **Quantity (and price) measurement**; e.g. for Environment
  - **Improving institutional arrangements**
  - **Quality Profile of Trade Statistics**

Compendium (Handbook?)

International Trade and Global Business Statistics

1. Policy Demand and Data Gaps
2. Statistical Production Process
    i. Business Registers
    ii. Business Registers and Administrative Data Sources
    iii. Business Registers and Sample Frames for Trade
    iv. Sample Surveys
    v. Monitoring large enterprises
    vi. Multi-national enterprises and foreign affiliates
    vii. Integrated micro-level data and IT solutions
    viii. Institutional Arrangements

Compendium (continued)

International Trade and Global Business Statistics

3. Data Dissemination
   i. Trade by Enterprise characteristics
   ii. Trade and Employment
   iii. Trade and R&D (innovation)
   iv. Goods for processing and Merchanting
   v. Micro-level data access and confidentiality
4. Global Trade Analysis
   i. Reconciling differences in mirror statistics
   ii. Global Value Chain research
   iii. Trade in Value-added