Proposed Outline for a System of Extended International and Global Accounts

1. **Executive Summary: What's New and Why is it important?**

2. **Background**
   a. The changing nature of international trade, global production and global finance
   b. The need for extended measures of global production and finance
   c. Importance of linkages to:
      i. Existing guidelines (SNA/BPM)
      ii. Existing core accounts (NA/BP)
      iii. Recent research on concepts and methods (UNECE Globalization Guidelines, IMF Integrated Financial Accounts and OECD Trade in Value-Added)
      iv. Extension of, and supplement to, existing standards, accounts, and research (macroeconomic policy, as well as for trade, regulatory, tax, environmental, national security regional, and other policies)
   d. New system will provide clear linkages to, and integration with, existing accounts.
      i. Such integration of concepts and methods make extended international accounts a powerful tool for macroeconomic policy, as well as for trade, regulatory, tax, environmental, national security, regional development, and other policies. Specifically, these extended, or satellite accounts will:
         - Provide additional breakdowns of existing international entries in the core accounts, such as breakdowns of exports and imports by the characteristics of traders.
         - Provide global linkages, with alternate scope and concepts, to the core accounts, such as global supply and use tables that link to expanded country tables and can provide a decomposition of trade and bilateral balances on a value-added basis.
         - Provide a consistent framework for developing new measures, without overburdening, or reducing the accuracy or consistency of the core accounts

3. **System of Extended International and Global Accounts Framework**
   a. Overview – Goal is an integrated decomposition and linkages for production, international trade, income, assets and liabilities, and environmental-economic transactions across regions, countries and industries
   b. Key features of the SEIGA Framework
      i. Relationship of SEIGA to the System of National Accounts
      ii. Relationship of SEIGA to the Balance of Payments
      iii. Relationship of SEIGA to the System of Environmental Economic Accounting
      iv. Strong focus on relevance to public policy and private decisions

  v. Incremental and cost-effective approach with a focus on work that improves core accounts <u>and</u> SEIGA

  vi. Key extensions:
    1. Extended global and regional supply and use tables
    2. Extended production, income, capital, and financial accounts
    3. Supplemental information on employment and distribution of income

c. Accounting Structure
  i. Introduction
  ii. Overview
  iii. Main accounts and tables of the SEIGA framework
- Extended supply and use tables
- Extended production accounts
- Extended trade, income, and investment accounts
- Extended capital and financial accounts
- Supplemental employment and distribution of income data
- Accounting for cross-country value-added
- Accounting for cross-border income
- Accounting for cross-border assets and liabilities
- Stocks, flows, and accounting rules

  iv. Extensions to information on the geographic breakdown of intermediate inputs (value-added chains) by industry, business functions, employment by occupation, and additional detail on industry, firm size, ownership, and trading status

  v. Extensions of Cross-Border Accounts:
- "Factoryless" goods production estimates
- Modes of supply for trade in services
- Additional detail in supply and use tables
- Trade and foreign direct investment (affiliated party trade)
- Inward and Outward Foreign affiliate statistics (U.S. operations data)
- Outsourcing (foreign and domestic)
- Firm heterogeneity (export intensities, firm size, productivity, ownership, business functions)

d. Developing Global Accounts
  i. World Accounts
  ii. Multi-Regional Accounts
  iii. Country Accounts
  iv. Global Supply and Use Tables: Overview of Methods
  v. Integration with existing I-O and integration of extended information
  vi. Globally consolidated MNC accounts (MNC operations accounts)
  vii. Ownership-based BOP accounts
  viii. Consolidated financial accounts

        ix.   Macro-prudential Country and Global Risk Accounts

4. **Extension of SEIGA to International Financial Accounts**
    a. Ultimate beneficial owner and ultimate creditor/debtor
    b. Integrated real and financial sectoral accounts
    c. Linkages across systemically important countries: alignment of SEIA and SGA with SNA/ BOP of G-8 countries

(Overview of, and links to, work on G20 Data Gaps Initiative on cross-border financial linkages, risk, and vulnerability and IMF and Country work)

5. **Applications of SEIGA**
    a. Estimating Trade in Value Added
        i.   Methods
        ii. Source Data
        iii. Rules of thumb for dealing with unresolved issues from the Research Agenda (Appendix I)
    b. Integrating additional information on employment, firm size, export intensity, intangibles, ownership, geography, etc.
    c. Integrating and using the SEIGA with the SNA, BOP and SEEA
        i.   Macro tools
        ii. Micro tools
    d. Research and public policy uses
    e. Business, investor, and household uses

6. **Data collection issues**
    a. High quality business registers
    b. Global Enterprise Group Register
    c. Linking trade and investment with business registers
    d. Extensions of existing surveys
    e. New surveys

(providing new information on the geographic breakdown of intermediate inputs (value-added chains), business functions, employment by occupation and additional detail on industry, firm size, ownership, and trading status)

7. **Data compilation issues – addressing Bilateral and Global Asymmetries**
    a. Differences in partner country attribution
    b. Statistical valuation
    c. Time of recording
    d. Classification systems and country classification within those systems
    e. Special issues with services data
    f. International income, financial flows, and balance sheet data
    g. Statistical quality and balancing methods:

        i. Mathematical algorithms
       ii. Expert judgement
     iii. Hybrid: quality-weighted statistical algorithms

   h. Data linking and reconciliation to provide improved accuracy, additional detail on industry, firm size, ownership, employment by occupation and wage, and trading status.
        i. Micro data
       ii. Aggregates and sub aggregates
     iii. Privacy Issues and Incentives

8. Annex I: Overview of Research Agenda Related to Globalization and the SEIGA
9. References
10. Glossary
11. Index