



DZ.9: Incorporating Digital Intermediation Platforms into the System of National Accounts: Results of the global consultation

John Mitchell (OECD)

20th Meeting of the Advisory Expert Group,
July 13, 2022



@OECD_Stat



OECD Statistics



www.oecd.org/sdd



www.stats.oecd.org

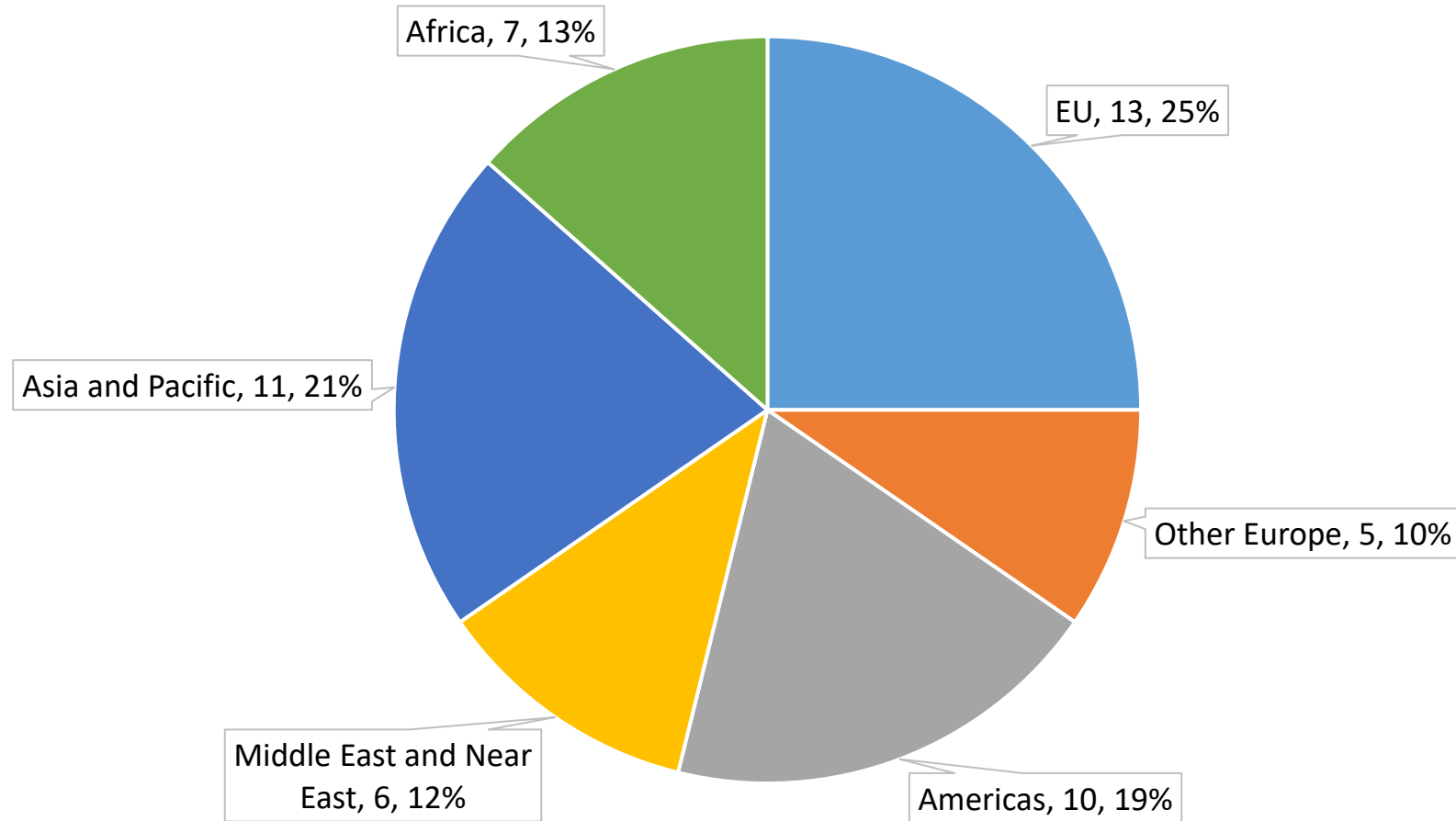


Global consultation

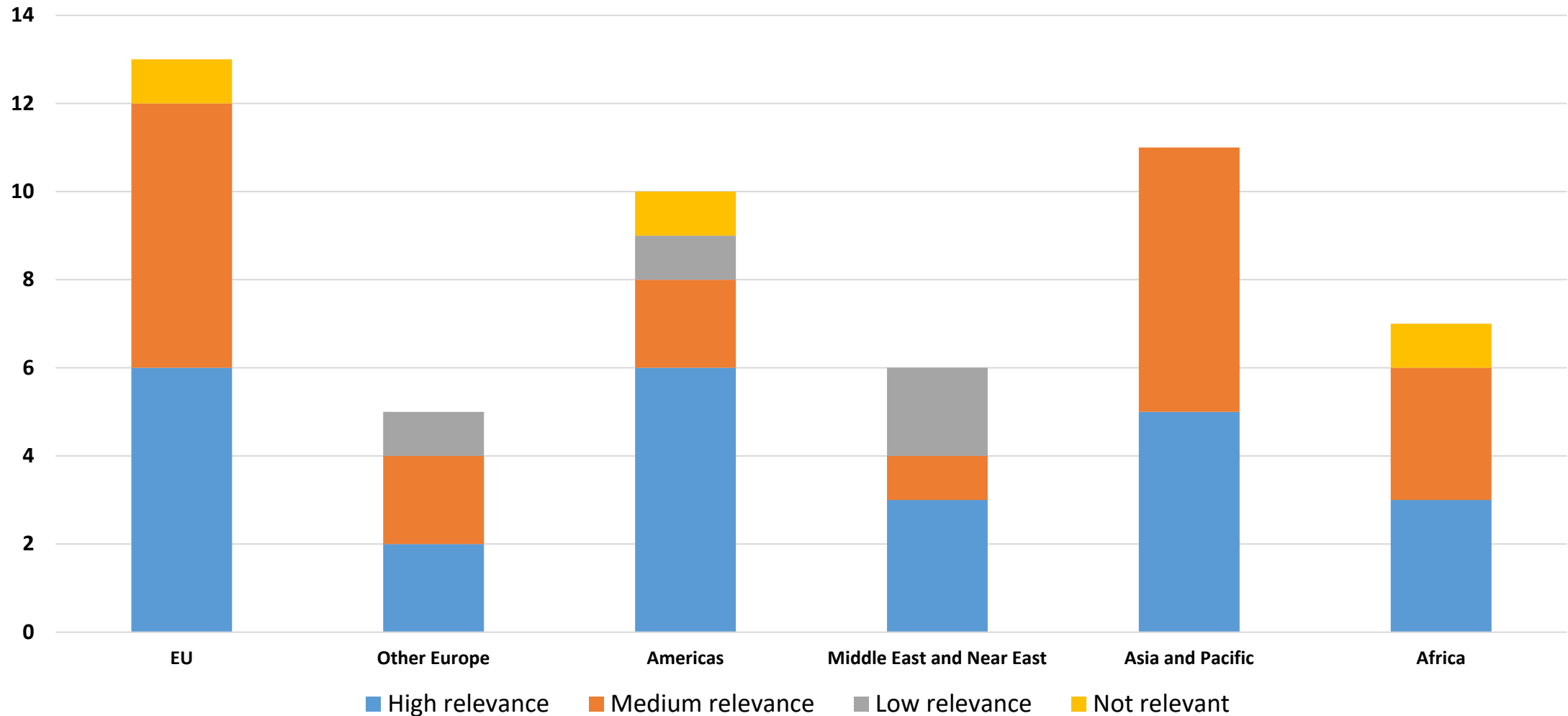
- **52** Countries / Institutions provided responses.
- **Agreement** on the proposed components of the **definition** for SNA purposes.
- **Support for the “net” approach** to measuring transactions with non-resident DIPs.
- Several **measurement challenges raised** - More practical than conceptual.
- Support for an **“intermediation sector”** within the activity classification.



Response to GC by region.

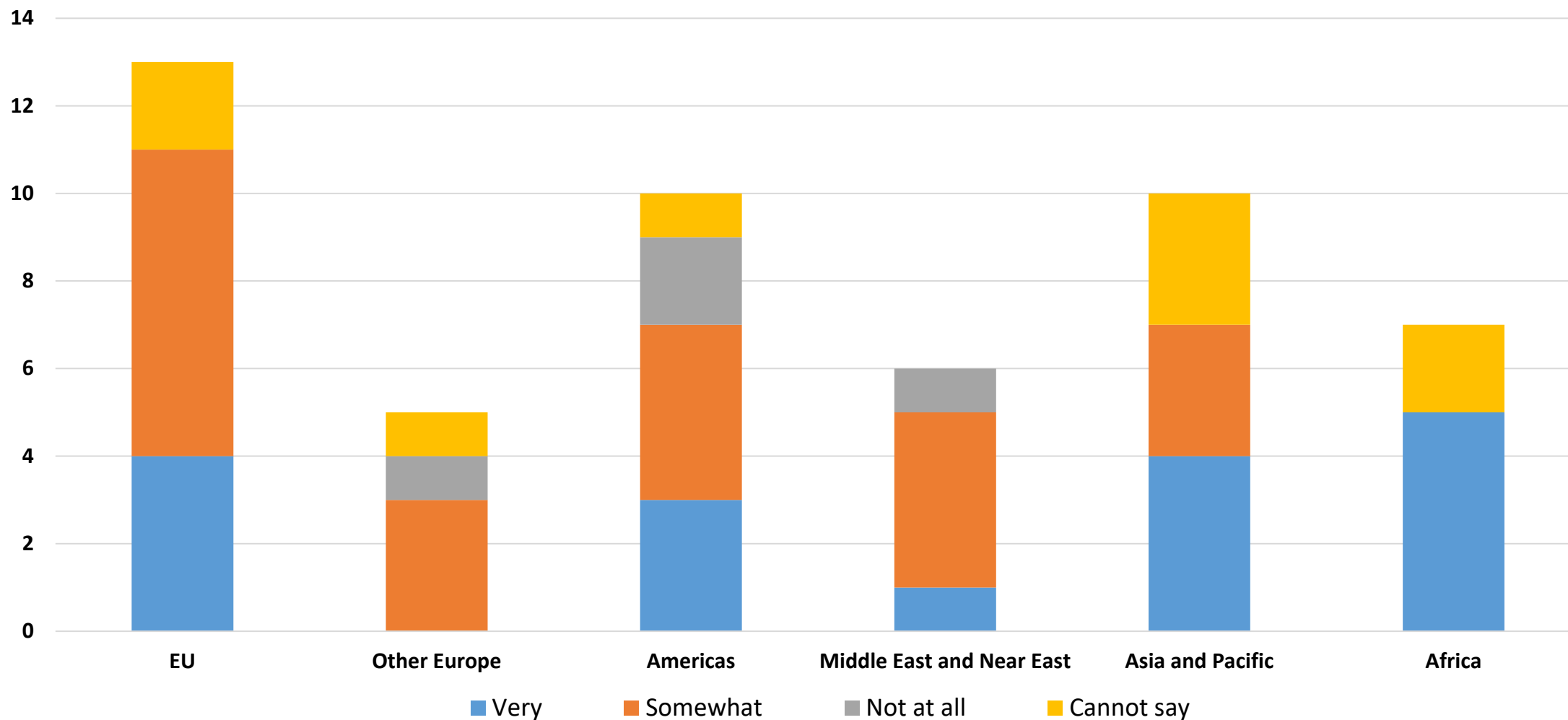


Is this topic of relevance for your country?





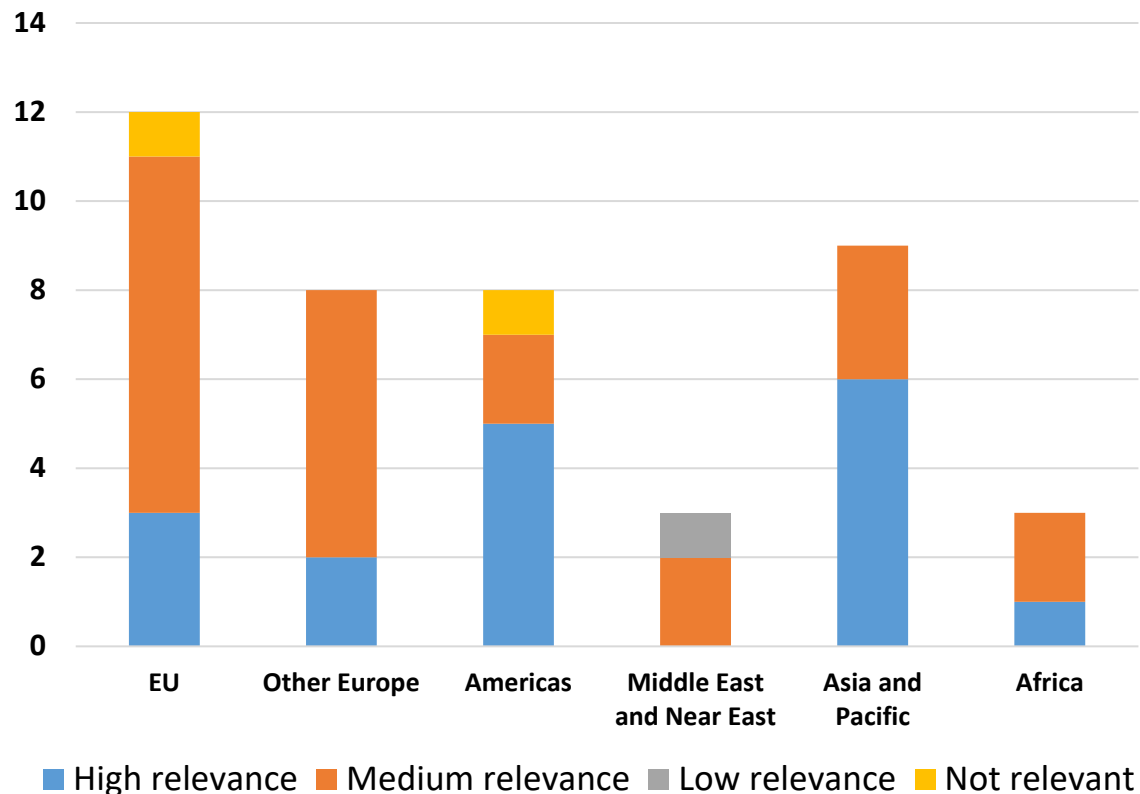
Are aggregates (output, GVA, employment, wages etc.) related to DIPs of policy interest in your country?



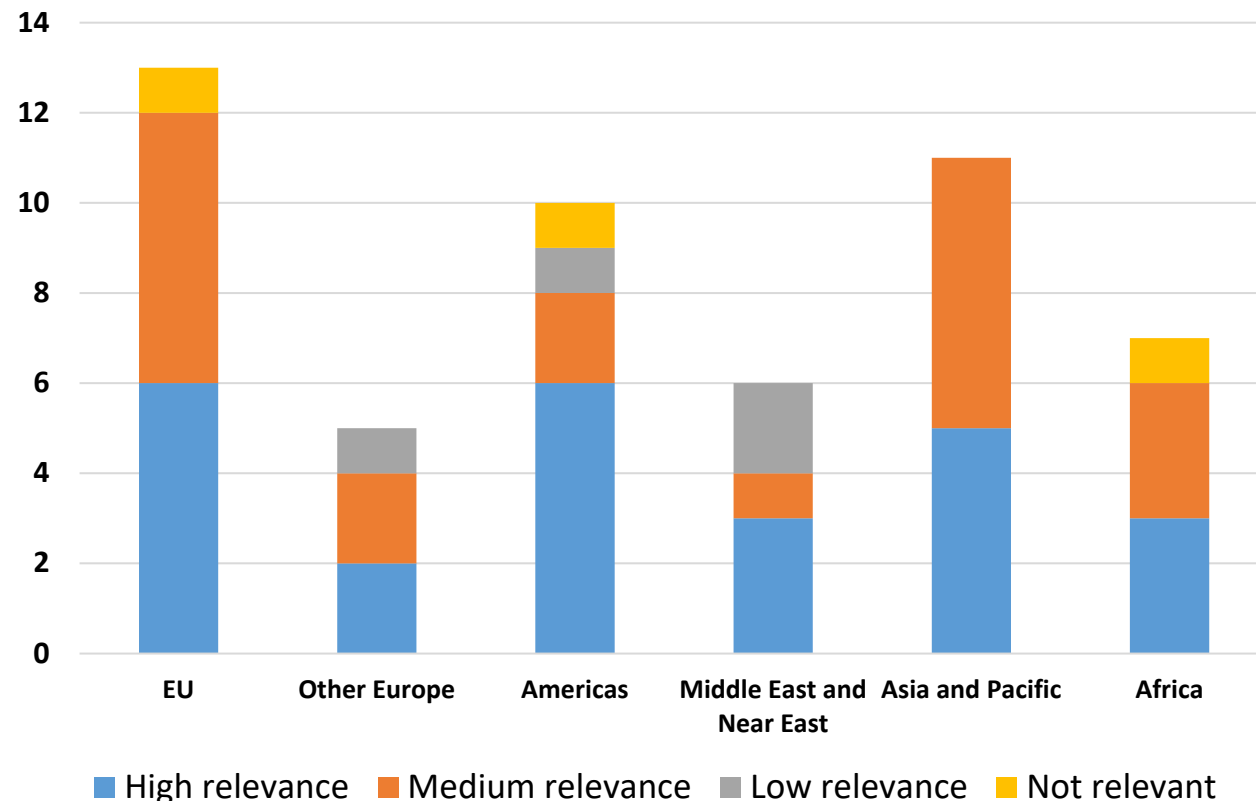


Is this topic of relevance for your country?

Data



DIPs





Global consultation - Definition

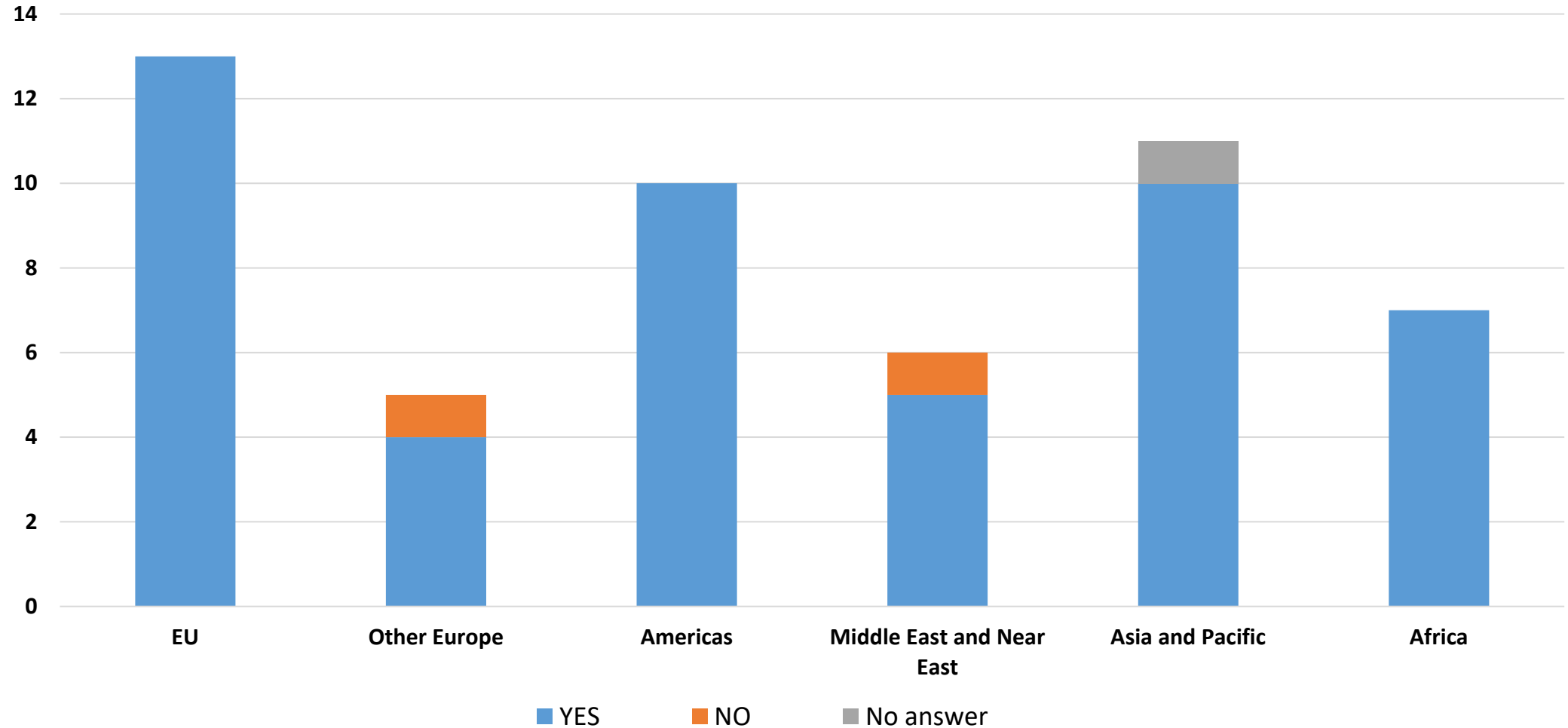
“Business that operate online interfaces that facilitate,

- for **a fee**, the direct interaction between multiple buyers and multiple sellers,
- **without the platform taking economic ownership** of the goods or services that are being sold (intermediated)”

In the GN consistent with Digital SUT and Digital trade handbook



Do you agree with the two components in the provided definition as fundamental to defining a DIP?





Global consultation - Definition

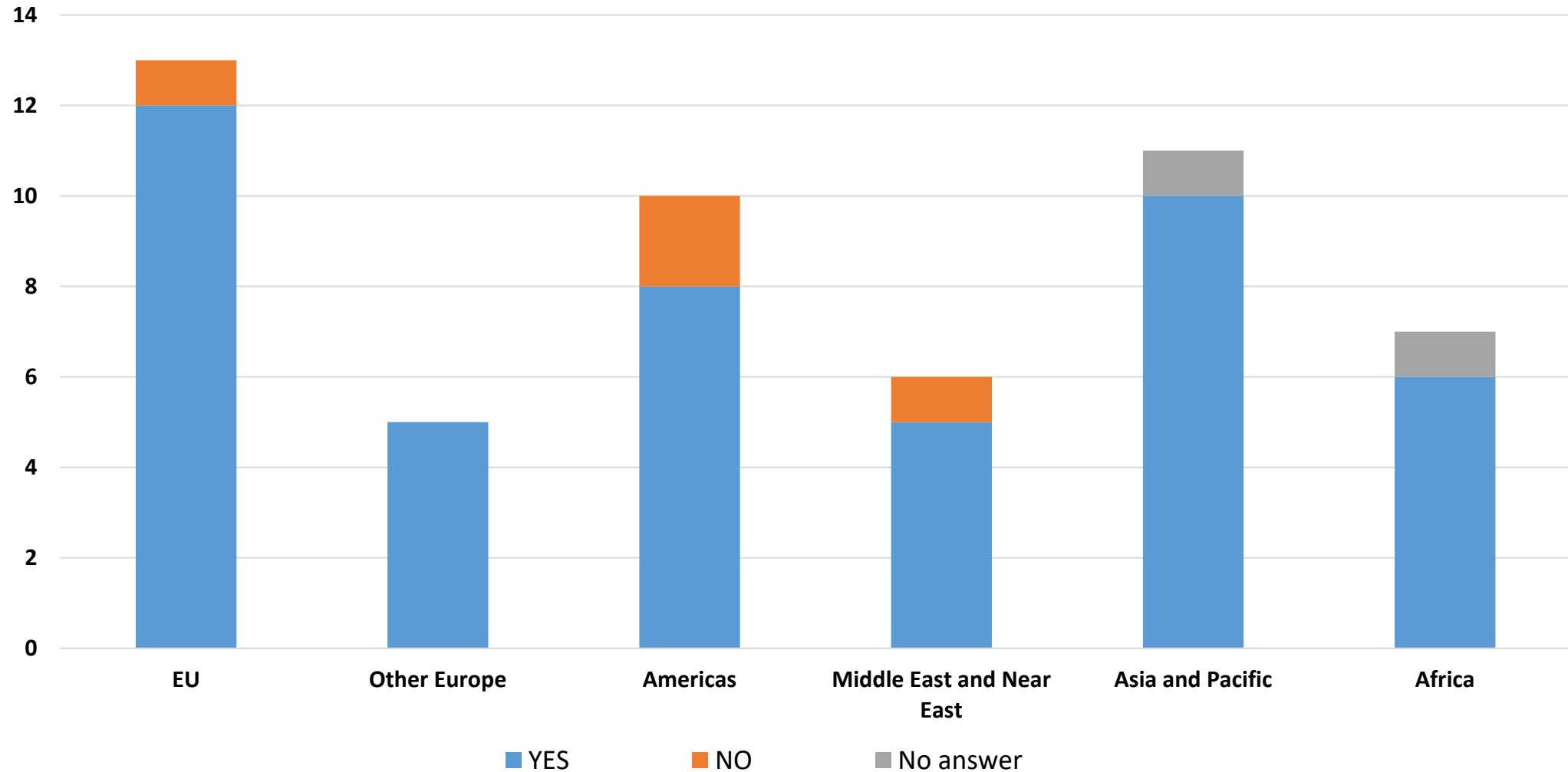
“The proposed definition of DIP’s does not include platforms that provide intermediary services but generate all of their revenue through means other than an explicit fee. While these data and advertising driven platforms provide a different product (advertising space or data), they fulfil the same intermediary role in the economy. It could therefore be fruitful to classify them in the same DIP ISIC class.” (NLD – global consultation)

“facilitate transactions between buyers and sellers for the ordering and/or delivering of goods and services **for a fee or commission, without supplying and taking ownership** of the goods and services that are intermediated. These activities can be carried out on digital platforms or through non-digital channels. **The fee or commission** can be received directly from either the buyers or sellers, or revenues for intermediation activities **can include other sources of income, such as third-party revenues from advertising”**.

(Proposed ISIC definition)



Do you believe that transactions involving DIPs should be recorded on a net basis?





Global consultation – Net vs Gross

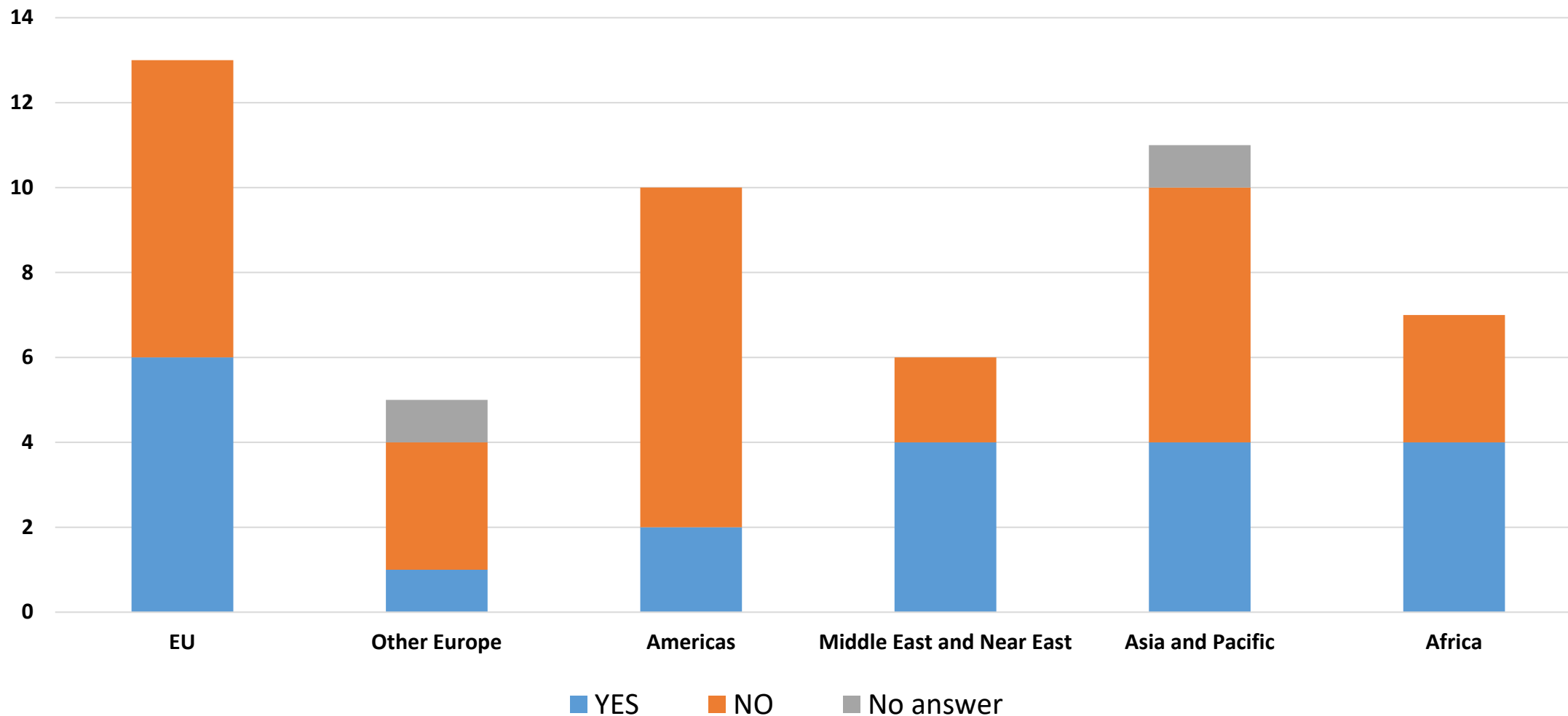
- Strong support to measure on a **net basis**.
- Consistent with **lack of ownership** by DIPs.
- Consistent with recommendation in C.4 *“Merchanting and Factoryless Producers; Clarifying Negative Exports in Merchanting; and Merchanting of Services”*
- Task team acknowledges that the SNA revision is trying to **move away from the terms** net and gross.

Alternatives -

- Consolidated / Non-consolidated
- Interconnected / Unconnected
- Producer perspective / Consumer perspective



Can you identify any conceptual challenge posed by DIPs in regards to the national accounts?





Challenges raised

Non-resident transactions remain a concern.

- “Difficulty of tracking international transactions by non-resident units”
- “Considering that large non-resident digital intermediation platforms operate in a domestic economy, practical measurement issues could arise.”
- “it will get tricky to evaluate the fees especially if the DIP is located in another country.”
- “Recording imports and exports of digital intermediation services”
- “Identifying the location of the DIP to decide if its trade or a domestic transaction – As usual it’s harder to get imports than exports”.

Ownership of a good or service.

- “At what point is the supplier providing a good/service to the platform rather than to the recipient?”

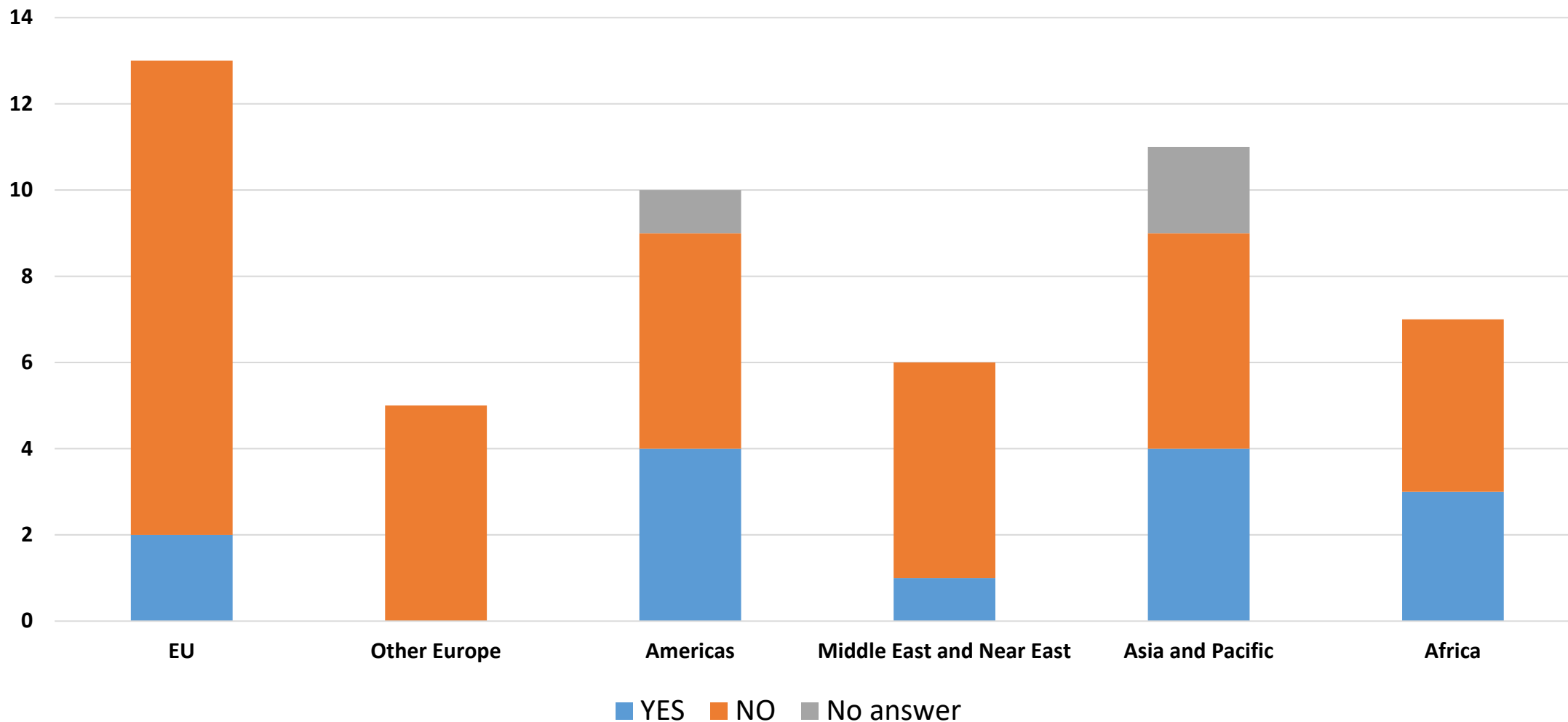
Miscellaneous

- “Some DIPs charge an explicit fee to the consumer. Difficult to capture.”
- “Cautionary for second-hand goods transacted via DIP which should be recorded its trade margin only”

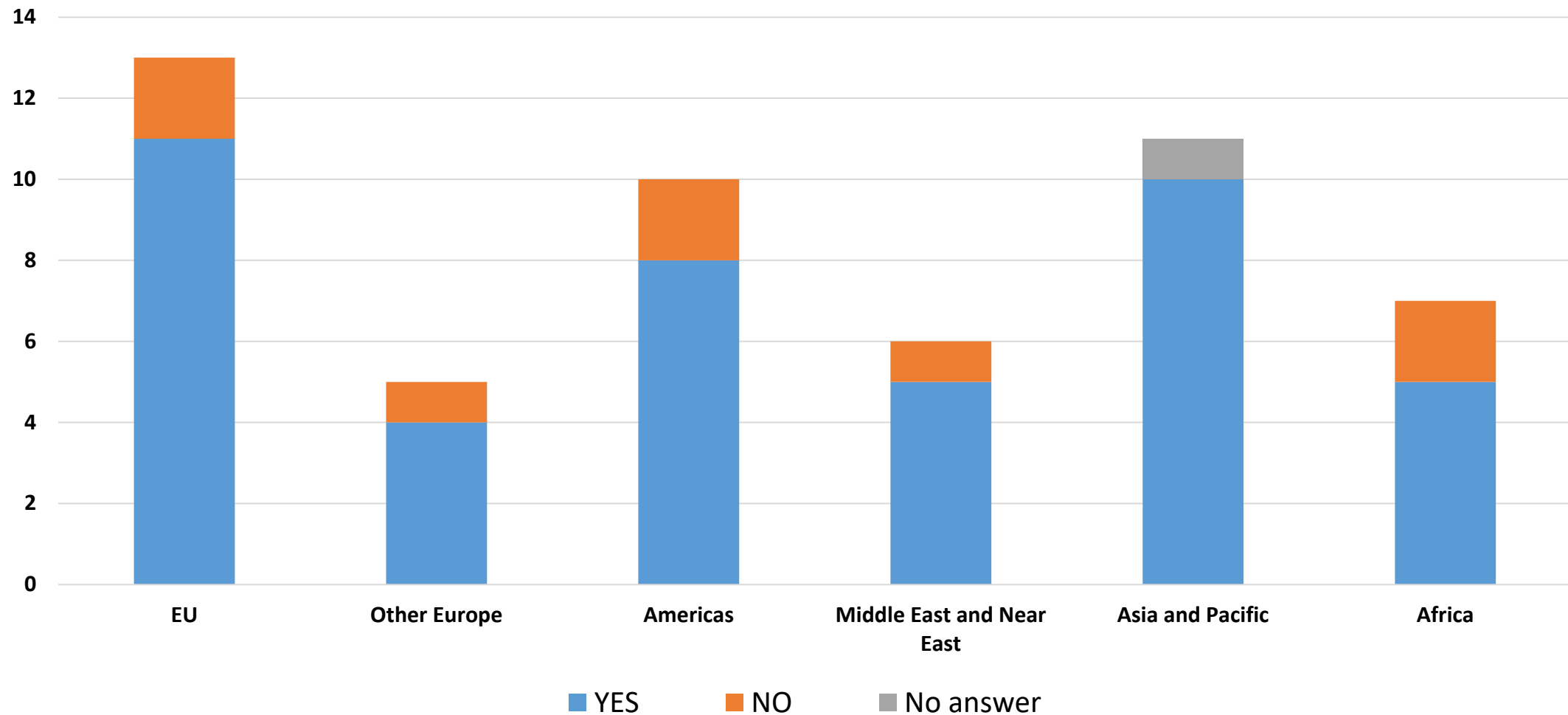
Data collection methods and compilation practices will need to be shared...Including identifying on BR.



Are you currently able to identify DIPs within your business register?

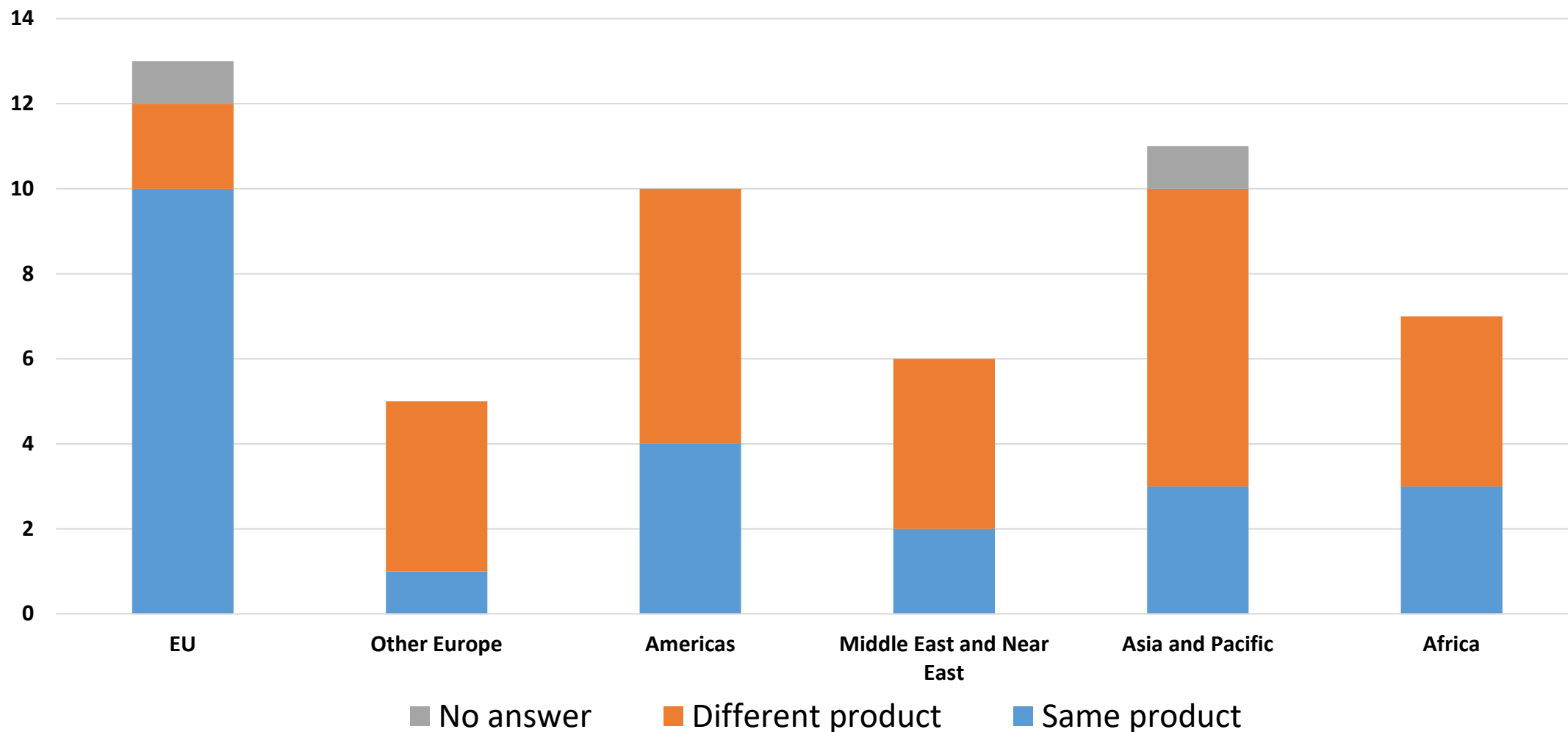


Are you in favour of an “intermediation sector”?





Regardless of the product it is facilitating, do you consider the separate intermediation service a different product?





Questions for AEG

- Does the AEG agree to add text to recommend to the ISIC Task Team to provide guidance on which classes are to be included in an alternative aggregation, i.e. an “intermediation sector”?
- Does the AEG find useful to add a section on the practical challenges posed by DIPs that might cause concern for measurement within the National Accounts, as reference for future work? (*outline specific challenges not solutions*)
- Does the AEG have any suggestions for alternative terminology for the net treatment of cross border flows?
- In the light of the global consultation outcome, does the AEG endorse DZ.9 “Incorporating Digital Intermediation Platforms into the System of National Accounts”, including the proposed definition of DIPs and the net recording of domestic transactions made via a non-resident DIPs, subject to the amendments above?