



Friends of the Chair Group on Measurement of International Trade and Economic Globalization

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DESA



Geneva, 2-4 February 2011

- Implementing IMTS 2010, MSITS 2010
- Global Manufacturing and Outsourcing of Business Functions
- Multi-National Enterprises and Foreign Affiliates
- Integrated approach of trade and business statistics
- Trade in Value-Added: Input-Output Approach and the domestic content of Exports



BACKGROUND documents:

WTO & IDE-JETRO, 2011 *Trade patterns and global value chains in East Asia*

Eurostat, 2013 *Global Value Chains and Economic Globalization –
Towards a New Measurement Framework*

OECD, 2013 *Interconnected economies:
benefiting from global value chains*

UNCTAD, 2013 *World Investment Report 2013 – Global Value Chains:
Investment and Trade for Development*

United Nations, 2013 **International Trade Statistics, E/CN.3/2013/7**

United Nations, 2014 **Measurement of international trade and economic
globalization, E/CN.3/2014/7**

Commission Decision 44/106 (2013)

- Created Friends of the Chair (FOC) group on the measurement of international trade and economic globalization to:
 - Prepare a **concept paper** on the scope and content and on a mechanism for coordination of the work, taking into account
 - i. international trade statistics, foreign affiliate statistics, foreign direct investment statistics, measurement of outsourcing of business functions and of other cross-border interdependencies,
 - ii. the existing frameworks and guidelines, notably the System of National Accounts, Balance of Payments, and the Guidelines on Integrated Economic Statistics,
 - iii. as well as the research and studies done by Eurostat, OECD, IMF and various working groups
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POLICY DRIVERS

Encouraging Trade, Investment, and Competitiveness Through More Relevant and Accurate Data

- Better target public policy and inform public perceptions
 - Drilling down beneath gross/counterparty trade and investment flows provides a more accurate, and relevant picture of the underlying pattern of economic activity across countries.
 - A fuller picture of the critical dependencies and benefits that arise from global production and trade provides an improved basis for public understanding of the dynamics of global trade and investment and for public policy.
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Incomplete Picture of Dependencies and of “Lost” Jobs, Incomes, and Taxes

- Exporting jobs to China? (OECD estimates)
 - China's bilateral trade with the United States 1/3 smaller on a value-added basis than on official gross flows
 - One third of the content of China's exports comes from foreign inputs.
 - Assembly and processing of electronic components and products contributed to rise in the foreign content of Chinese exports from 12 percent in 1995 to 33 percent in 2009
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Trade and Investment Policy

- Examples where value-added data would help
 - EU trade sanctions against footwear made in Asia when as much as 80% of the value-added from Asian-made footwear estimated to originate in EU.
 - U.S. great concerns over trade with China and “offshoring”
 - U.S. value added in Chinese imports, other country value-added in Chinese imports; and
 - U.S. domestic services value-added in final sales of imports
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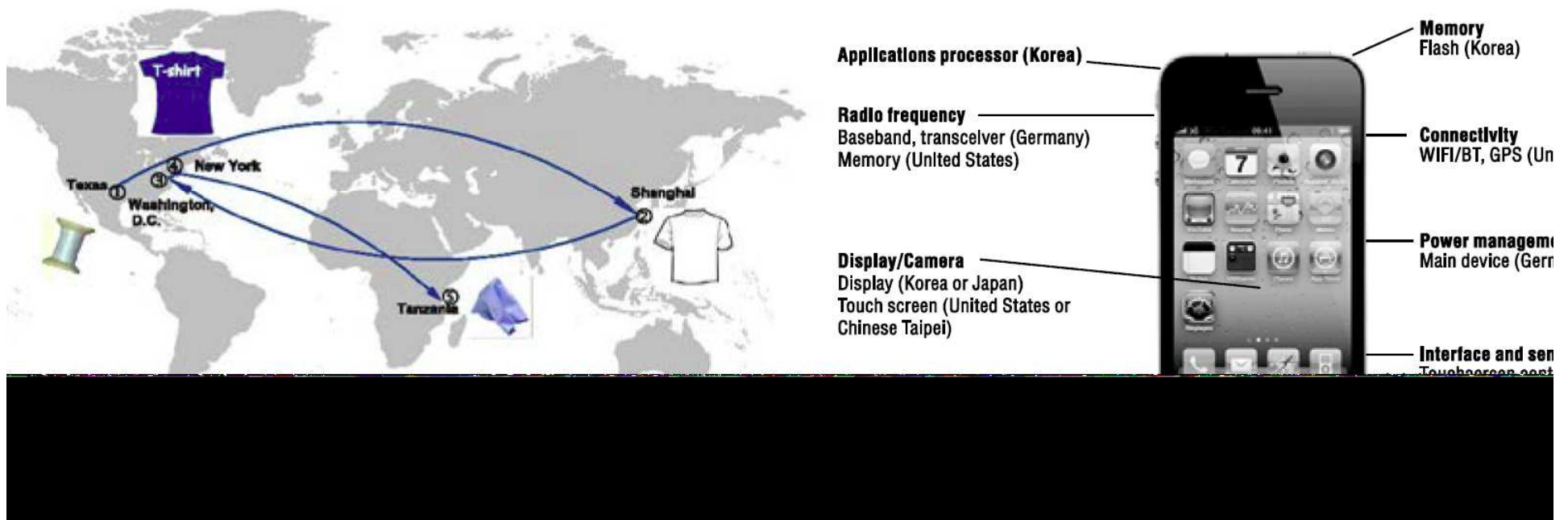
GLOBAL VALUE CHAIN ANALYSIS



UNITED NATIONS TRADE STATISTICS



Figure 1. Global Value Chains: from apparel to electronics





VIII Trade in Value Added

Box 1. Measuring trade in value added

The Trade in Value Added initiative factors out the double counting implicit in current gross flows of trade and instead measures the flows of value that is added (labour compensation, taxes and profits) by a country in the production of any good or service that is exported.

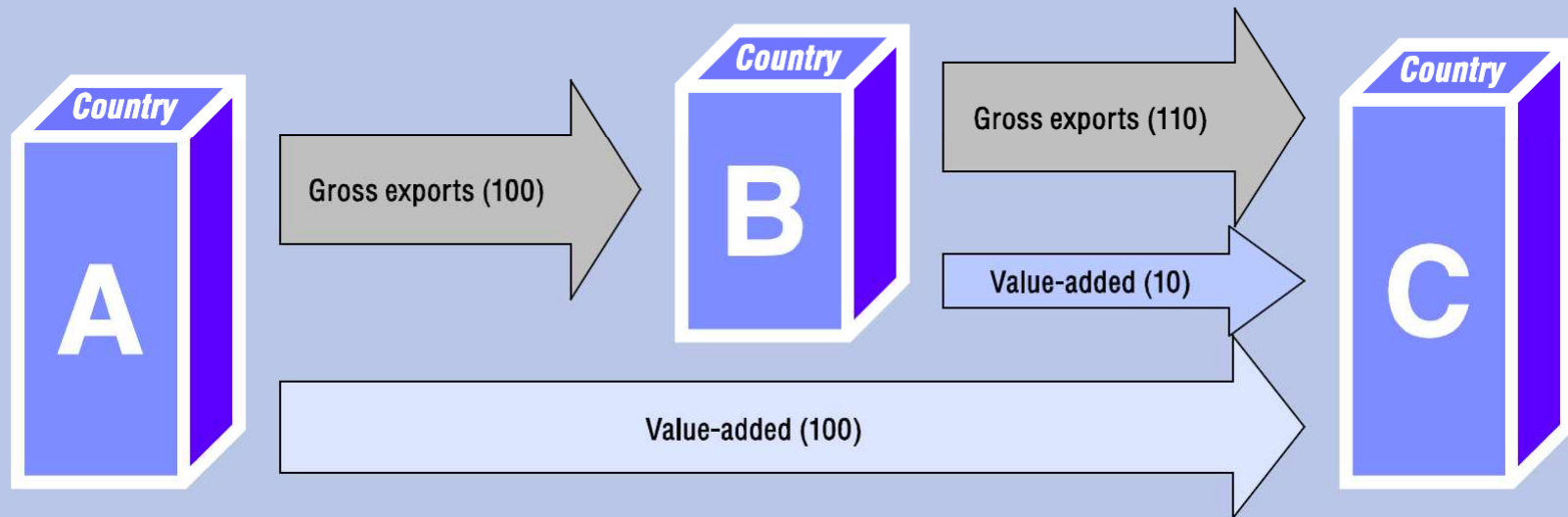
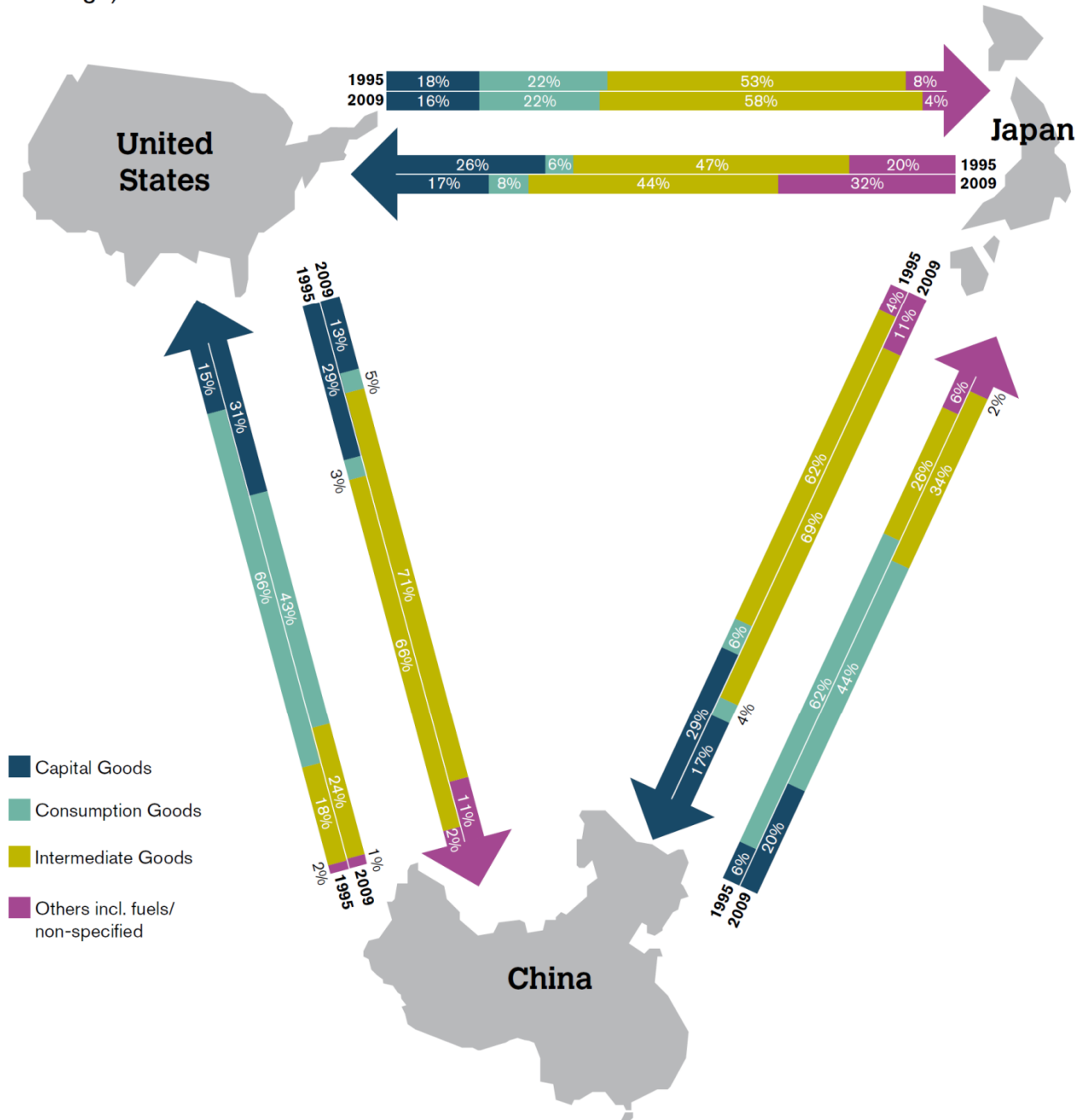
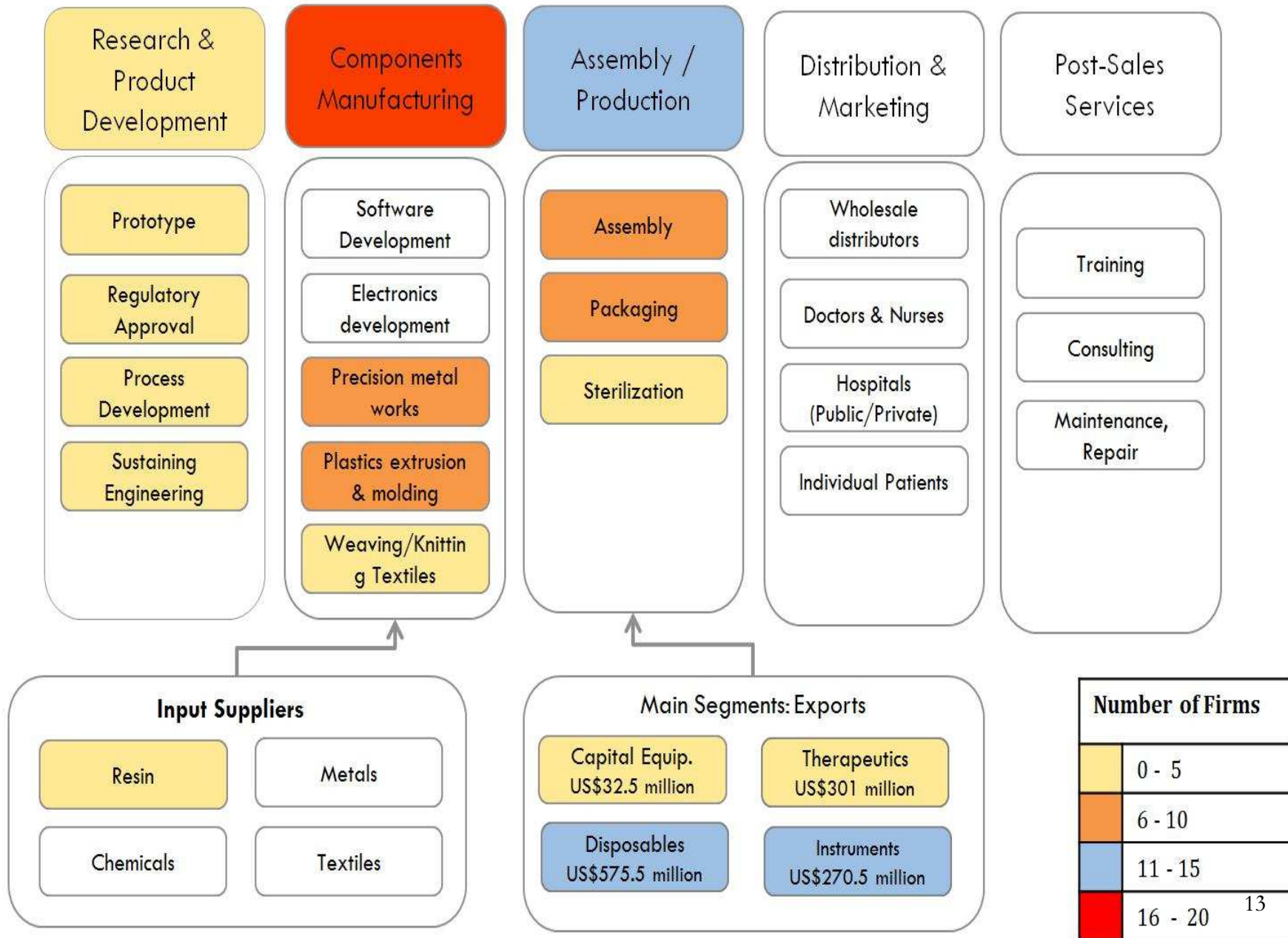


Figure 11

Bilateral trade flows between China, the United States and Japan, 1995 versus 2009, by type of good (percentage)



Costa Rica's Position in the Medical Devices GVC





Improving Data Availability – By linking Trade data and Business Register

- Since May 2012, UNSD works with INEC to link the Business Register of Costa Rica (maintained by INEC) with the detailed Customs data (processed by the Customs administration in cooperation with INEC)
 - The cooperation has resulted in the creation of a first micro-level dataset for the monthly trade statistics of December 2011-April 2012
 - Improved micro-level dataset on monthly trade statistics for June - December 2012
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Main activity	All Business Register		Exporting enterprise		
	No. of firms	No. of employees	No. of firms	No. of employees	Value of exports (US\$)
A Agriculture, forestry and fishing	3,791	87,982	294	40,283	216,690,448
01 Crop and animal production	3,608	85,069	279	38,698	210,146,426
02 Forestry and logging	132	1,567	8	688	5,289,339
C Manufacturing	4,257	144,706	598	106,429	2,554,099,671
10 Manufacture of food products	1,078	48,328	137	34,661	447,071,957
14 Manufacture of wearing apparel	559	7,949	25	5,022	42,878,988
25 Manufacture of fabricated metal products	441	6,043	39	2,497	42,358,757
26 Manufacture of computer, electronics	40	6,531	21	6,369	787,049,178
27 Manufacture of electrical equipment	37	4,477	20	4,204	143,662,034
G+H Wholesale and retail trade; Transport, warehousing, and support activities	18,668	201,935	739	55,190	387,741,850
46 Wholesale trade, except motor vehicles	2,471	58,966	591	30,086	349,309,112
47 Retail trade, except of motor vehicles	11,663	88,411	60	17,370	25,826,992
Other activities	19,277	318,907	186	33,792	63,137,508
Hotel and Restaurants	4,892				
Professional and scientific services	2,472				
Social and Health services	1,871				
Unkown activity	2,988	15,771	71	864	24,375,886
Non-matches	-	-	-	-	131,689,763
TOTAL	48,981	769,301	1,894	236,794	3,378,826,643

	3,608	85,069	279	38,698	210,146,426
	132	1,567	8	688	5,289,339
	4,257	144,706	598	106,429	2,554,099,671
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**FOC MEETING IN
AGUASCALIENTES, MEXICO
2 OCTOBER 2014**



International Conference on Measurement of Trade and Economic Globalization
Organized by UNSD and INEGI in cooperation with OECD, WTO and EUROSTAT
Aguascalientes, Mexico, 29 September – 1 October 2014

The conference started with

- the purpose (in terms of **policy**) and objective (in terms of **measurement**) of ongoing efforts
- highlighting the relevance of the **interconnectedness of countries** for production of goods and services, creation of jobs and generation of income, and for the corresponding use of natural resources

Thereafter, the conference went systematically through items of the future work programme

- **economic ownership** in global production networks
- associated **transfers of intellectual property** products

Other issues:

- the need for a **global register of enterprise groups** and the allocation of ultimate controlling institute,
 - the **classification issues of economic activity and business functions** within the context of firm heterogeneity with respect to their involvement in global value chains, and
 - the **influence of firm heterogeneity** on the construction of Supply-Use tables for a global SUT
 - the compilation of a global SUT also requires addressing the existing **asymmetries in merchandise trade, trade in services and FDI/FATS**.
 - Finally, further work on micro-data linking, including TEC (trade by enterprise characteristics), STEC (trade in services by enterprise characteristics), and the efforts on **linking of trade with the business register**.
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Future work programme in this field

- Preparation of a **Handbook of a System of Global Accounts**;
- Work on a (global) **Enterprise Group Register** was supported with some scepticism about the feasibility (the Wiesbaden group)
- Work on Enterprise Classification and Firm Heterogeneity. Full support on moving this forward in two directions:
 - **ISIC and Business Functions (Eurostat and UNSD)**
 - **TEC, STEC, trade by business statistics, and micro-data linking (Eurostat, UNSD and OECD)**
- Asymmetries
 - **Bilateral merchandise trade statistics**
 - **Bilateral trade in services statistics**
 - **FDI/FATS**

Future work programme in this field

- Continuing **development of global SUT** was supported as collaboration among the international organizations, notably Eurostat, OECD and UNSD. OECD underlined that the TiVA project and a project to compile global SUTs for multi-purposes should be regarded as one and the same project

Coordination

- Create **ISWGTEG for monitoring and coordination** of ongoing work, and
- Establish a **UN Expert group** for the purpose of preparing a **Handbook on System of Global Accounts**

Report to the Statistical Commission

- Introduction and Background
- Conceptual Framework
 - **System of Global Accounts**
- Schematic Framework
 - **Existing concepts and definitions (SNA) and programme of work**
 - **Extended concepts and definitions (SGA) and programme of work**
- Work Programme
- Coordination

Thank you for your attention