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# Canada in the Global Economy

**February 2016**



# North American - Global Value Chains

- North America is one of the most integrated regions in the world. Intermediate inputs from Mexico, Canada, and the United States may cross borders multiple times before final products are produced and consumed in North America or exported elsewhere.
- Measuring this integration accurately requires detailed statistics not generally available to the policy analysts. Up-to-date, accurate databases of GVC activity in North America do not exist.
- The US International Trade Commission, U.S Bureau of Economic Analysis, INEGI the Mexican statistical institute and Statistics Canada have partnered together to develop a North American Supply and Use Table.



# North American - Global Value Chains Policy Needs

- Developing more accurate TiVA databases and improving GVC analysis are consequential for North American countries.
- With better data, decision makers in public and private sectors would be able to more accurately evaluate policy implications on GVCs as well as on national and regional economies.
- Better understanding could lead to better policies, which in turn could contribute significantly to the promotion of trade and investment facilitation, help mitigate systematic risk, advance supply chain connectivity, enhance North America's leadership role in global manufacturing, and sustain regional economic growth.



## High Level Principals

- This work will be undertaken and aligned with other work in this area such as:
  - APEC TiVA
  - OECD TiVA
  - Reconciliation of Canadian, Mexican and US energy flows
  - US-Canada-Mexico North American Competitiveness agenda
  
- There is a recognition that a MOU will need to be in place that will facilitate the exchange of information and compilation of the integrated database.
  
- The resulting products will be jointly disseminated and accessible to policy makers in each of the countries.

# Project Timeline

## Phase 1 – CY 2016

- Evaluate the availability and consistency of data across countries (e.g. sectoral and firm classifications, years, and trade data);
- Define a strategy to solve or reconcile data gaps;
- Develop a common framework for North American Industry Classification System (NAICS) - based sectors, years, and firm types; and define a structure for extended SUTs that preserves as much commonality across countries as possible; and
- Set up an internal website to share documents and information on the mission and ongoing work.
- **Deliverables**: A methodology document will be drafted to illustrate the trilateral data gaps and propose methodologies to reconcile the discrepancies; and an internal website will be set up to store and share the existing documents and information.

# Project Timeline

## Phase 2 – CY 2018

- Produce a set of SUTs for each country based on the common sectoral classifications;
  - Diagnose the asymmetries of trilateral data, identify the sources, and develop the methodologies to reconcile any data asymmetries;
  - Produce the integrated North American SUT database and related TiVA indicators;
  - Check the consistency with the WTO-OECD TiVA database; and
  - Develop a temporary online platform to share the integrated North America SUT database with the public.
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- **Deliverables:** an integrated North America SUT database and relevant TiVA indicators will be developed and released to the public.



# Project Timeline

## Phase 3 – CY 2020

- Process data on firm heterogeneity based on the common firm type classification;
- Produce a set of extended SUTs for each country based on the common sectoral and the common firm type classification; and
- Produce the integrated North American extended SUT database and related TiVA indicators;
  
- **Deliverables:** an integrated North America extended SUT database and relevant TiVA indicators will be developed and shared among members of the initiative.



# Project Timeline

## Phase 4 – CY 2021

- Develop the official online North America TiVA Database; and
- Explore the potential to establish a long-term platform to carry out additional GVC research and TiVA statistic projects.
- **Deliverables:** an online North America TiVA database will be developed and made accessible to the public.