Chapter 8 - Outstanding Accounting and Measurement Issues

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Identification of the entity type in a GVC

• The borderline between the various production models
  – Factoryless
  – Contract manufacturing
  – Merchanting

• Defining economic ownership over inputs
Inventories held abroad.

- The activities of GVCs can result in stocks of foreign inventories
  - Provide insight on Production and Governance arrangements
  - Measurement of these activities may be incomplete or even non-existent in countries
When the activities of a GVC within one country are understood at a micro level inevitably there will be incomplete data.

For some activities emanating from standard sources can result in measurement challenges for the compiler.

For example is trade statistics where trade is not carried on a cross border basis along traditional models of production.

Instead with contract manufacturers abroad, there is a need to make adjustments for the export of goods produced abroad under the ownership of the resident unit of a GVC.

This is posing serious challenges for national compilers right now.
Cross border transactions in Intellectual Property Products and Intra company services

• The accounting for highly mobile intellectual property products related to global production arrangements
• More generally the measurement of cross border intracompany services can be equally challenging and may involve transfer pricing.
• The recording of such services should preferably be coordinated between the involved NSIs.
• Legal, confidentiality and technological constraints that have to be taken into account
Improved price data for imported inputs in a GVC

• better price data for imported inputs particularly intangibles having a significant impact on:
  – inflation,
  – productivity
  – real GDP.
Suggestions ?
Questions ?