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Central Statistics Office

Seminar on Accounting for Global Value Chains

Chapter 8 Special Accounting Topics

6-8 June 2017

Eurostat - Luxembourg

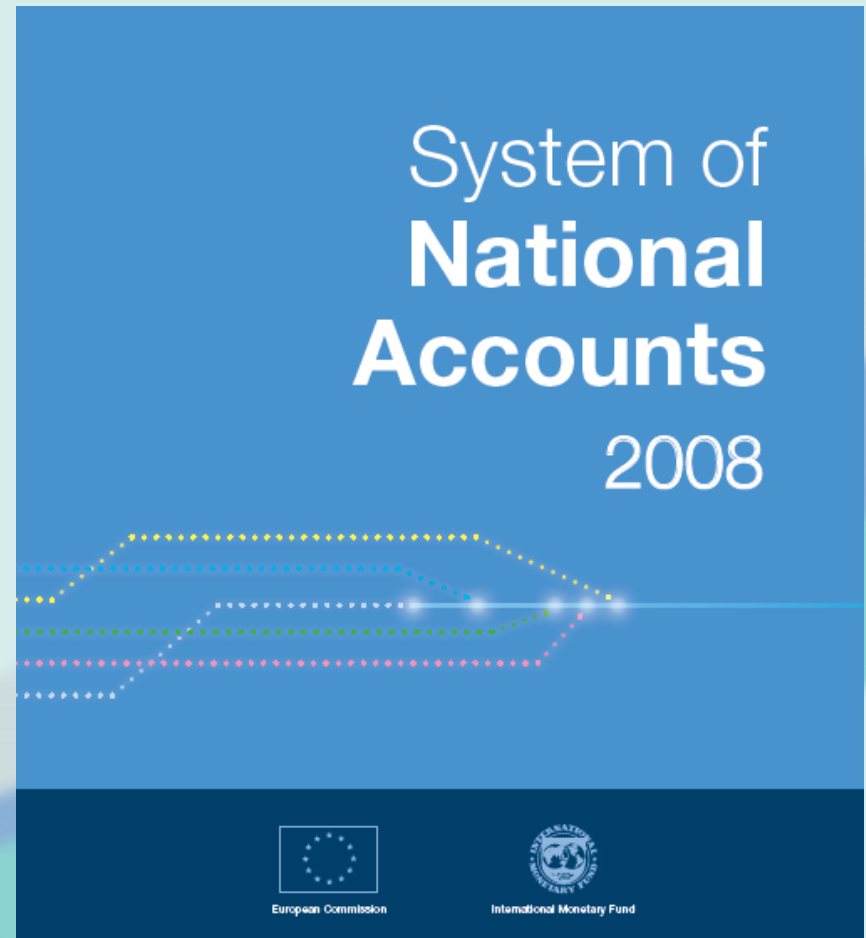
Michael Connolly / UNECE


CSO National Accounts Integration and LCU



Key Issues from SNA 2008 BPM6

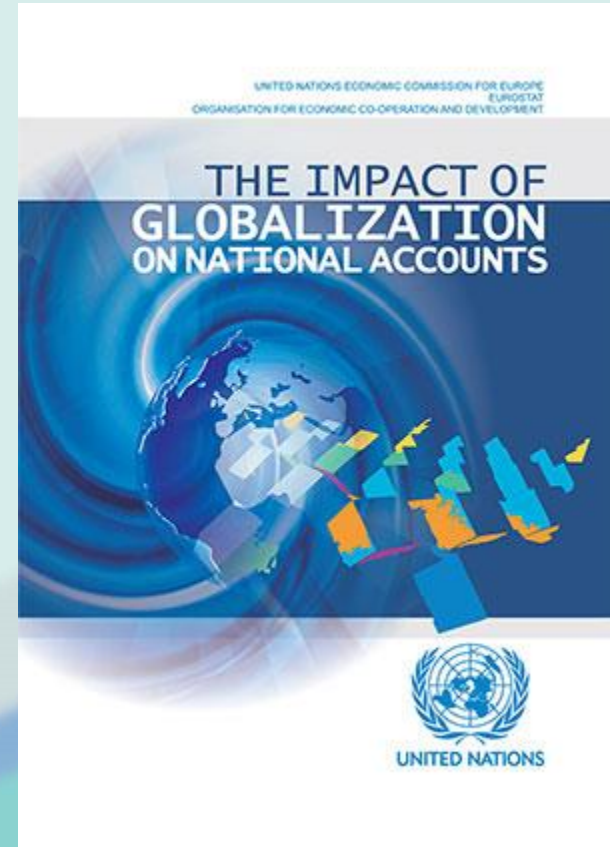
- **Research and development**
- **Change of economic ownership**
- **Predominant centre of economic interest**
- **Global Production**
 - **Goods sent abroad for processing**
 - **Merchanting**





Guide to Globalization in National Accounts

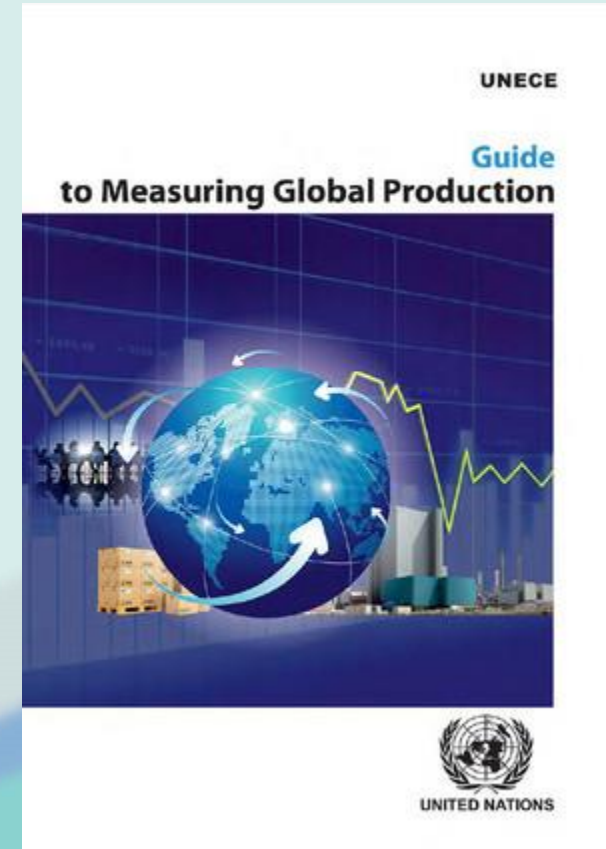
- MNEs and allocation of value added
- MNEs and FDI
- SPEs
- Goods for Processing
- Merchanting
- IPP Transactions
- Global Manufacturing





Guide to Measuring Global Production

- Typology of Global Production
- Economic Ownership in general and IP
- Measuring Global Production



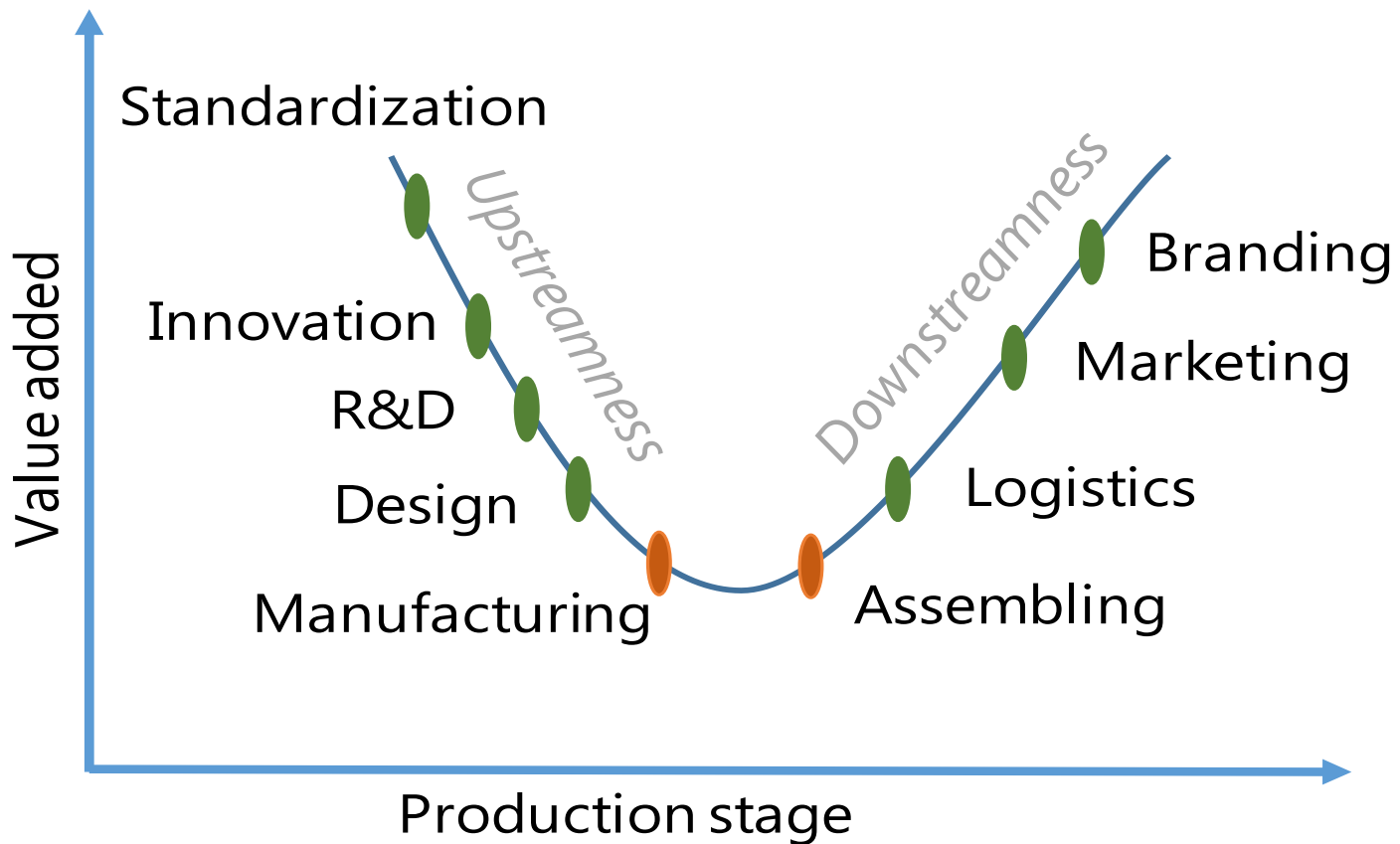


Globalisation Measurement Challenges

- **Centre of economic interest** (resident units)
 - Corporate Relocations - of assets, particularly intellectual property (IP)
 - Headquartering: re-domiciled firms & corporate inversions
- **Change of economic ownership**
 - Contract Manufacturing, significant MNE activity, but also carried out by domestic firms
 - Aircraft leasing

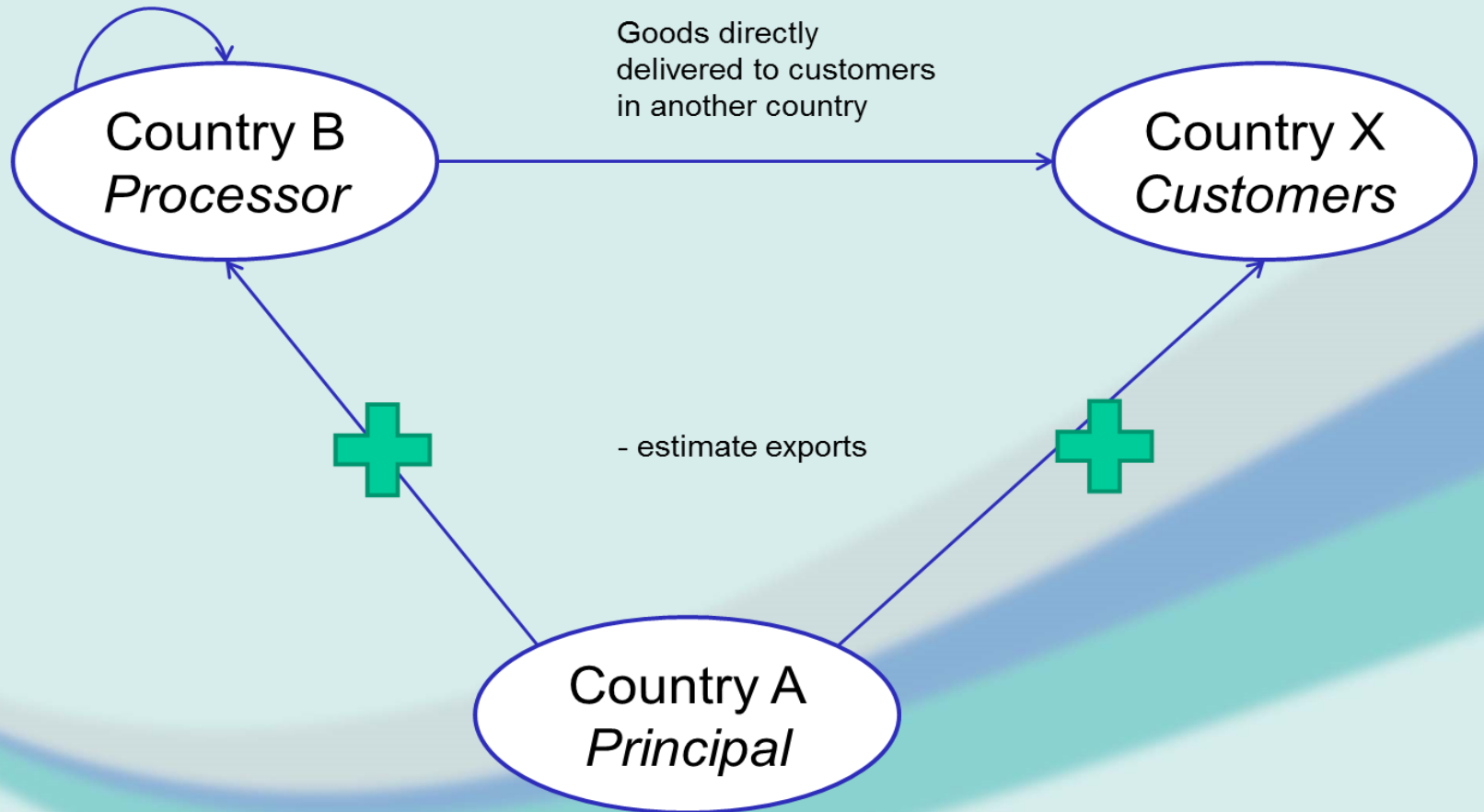


GVC Framework



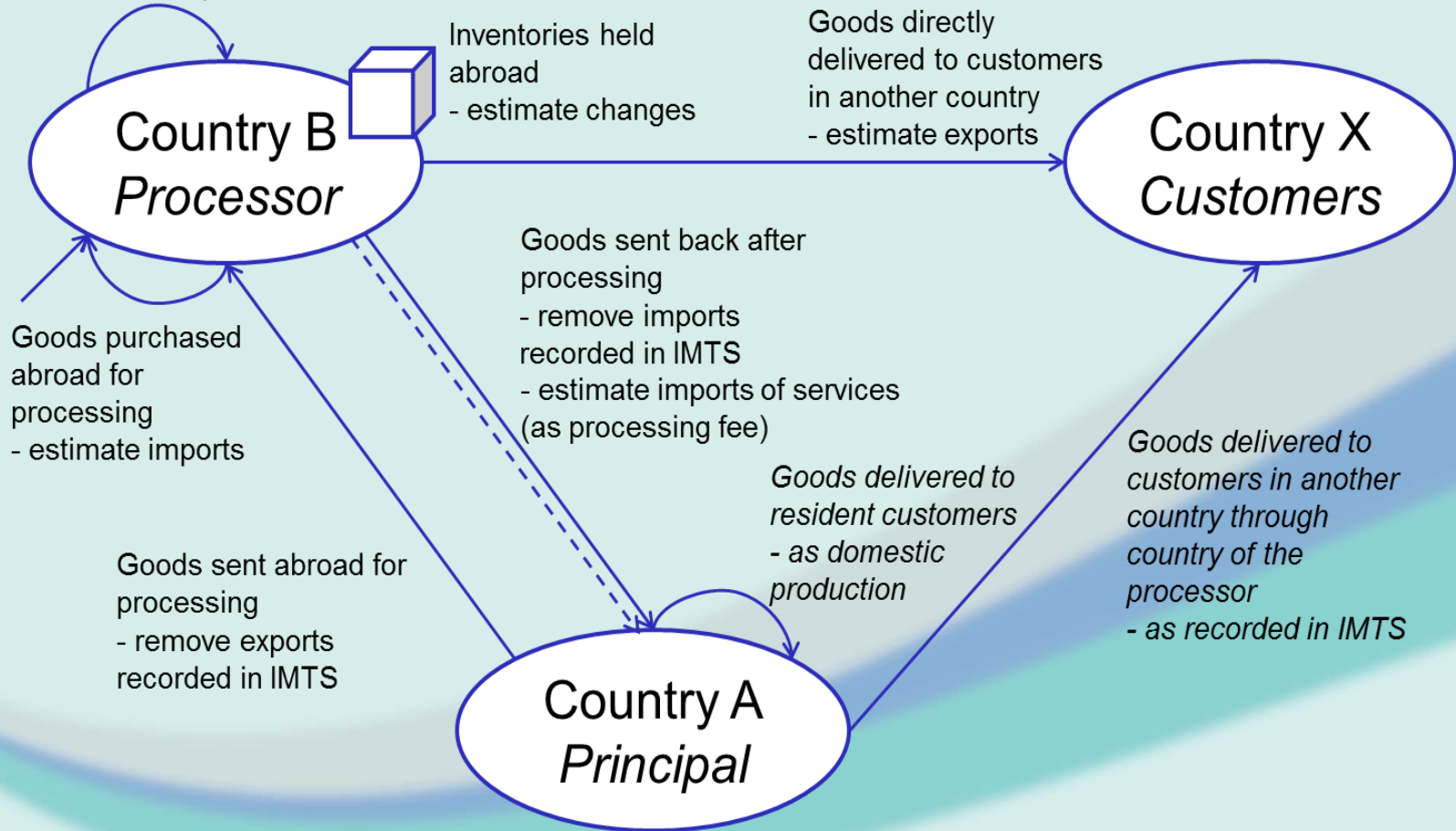


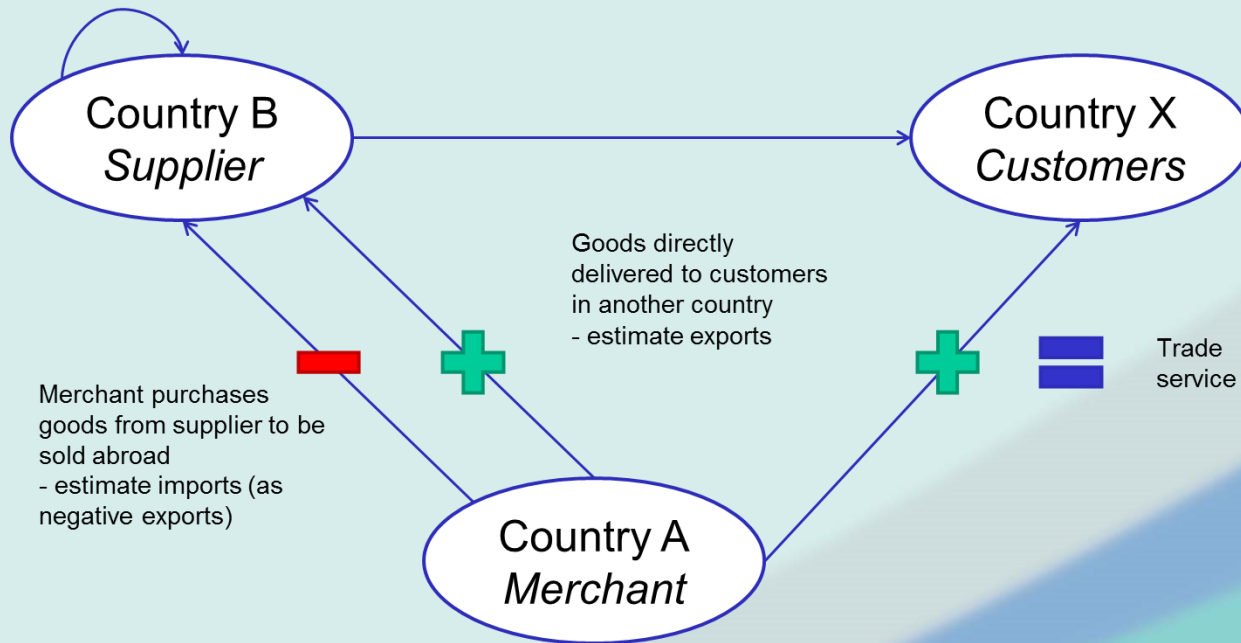
Goods directly delivered to customers
in the country of processor

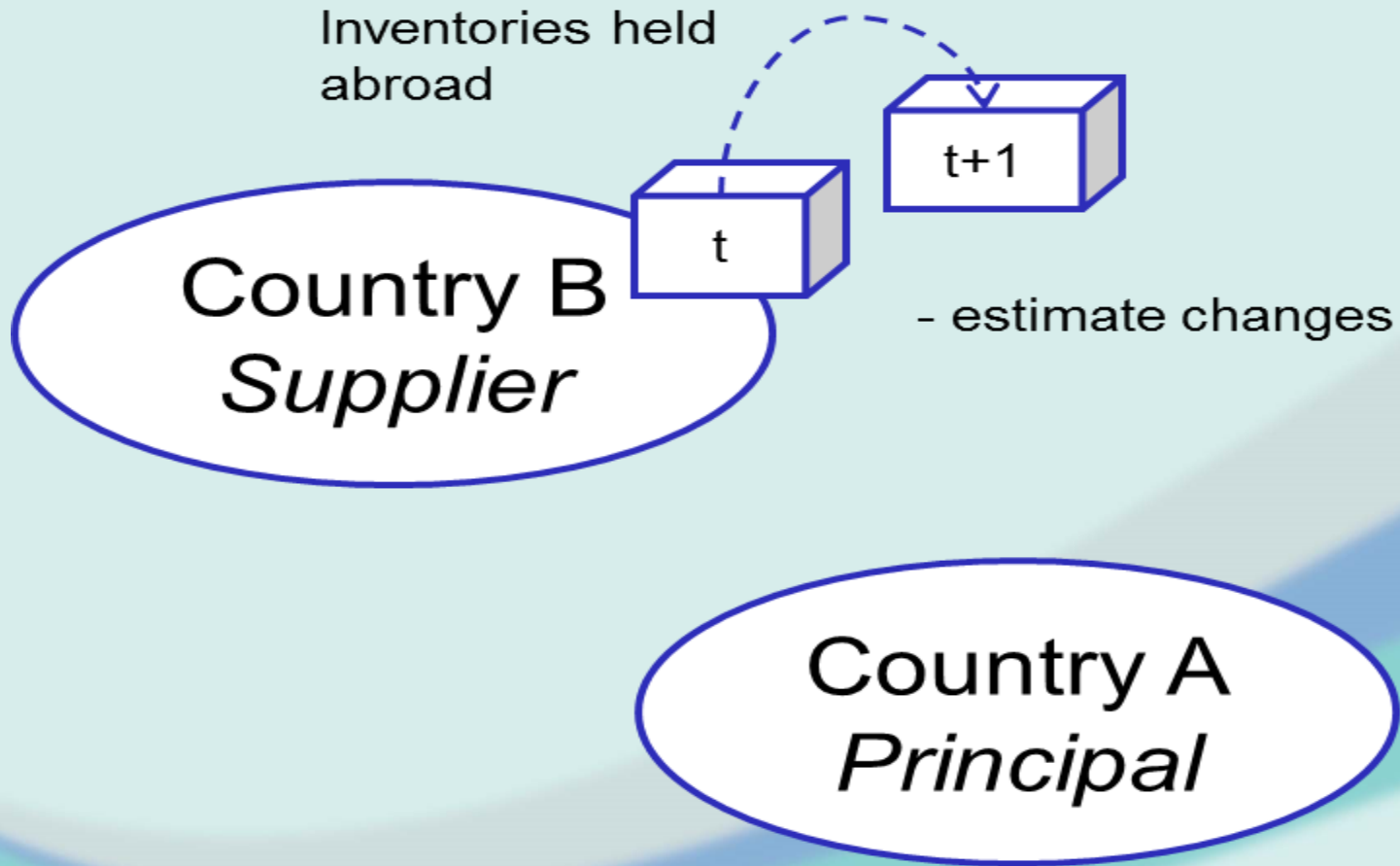




Goods directly delivered to customers
in the country of processor
- estimate exports









R&D

- Expenditure incurred in the development of R&D assets
- R&D related services such as royalties and licenses which related to the use of assets created by R&D activities
- The R&D assets themselves i.e. intellectual property products (IPPs).



IP Assets - R&D

- in the domestic economy,
or
- through the use of contract manufacturing arrangements abroad
or
- through the export of royalties to other non-resident affiliates.



Tangible Capital Assets

- Aircraft - highly mobile tangible assets
- Can be operating anywhere in the globe
- Substantial depreciation charges
- Domestic impact ?



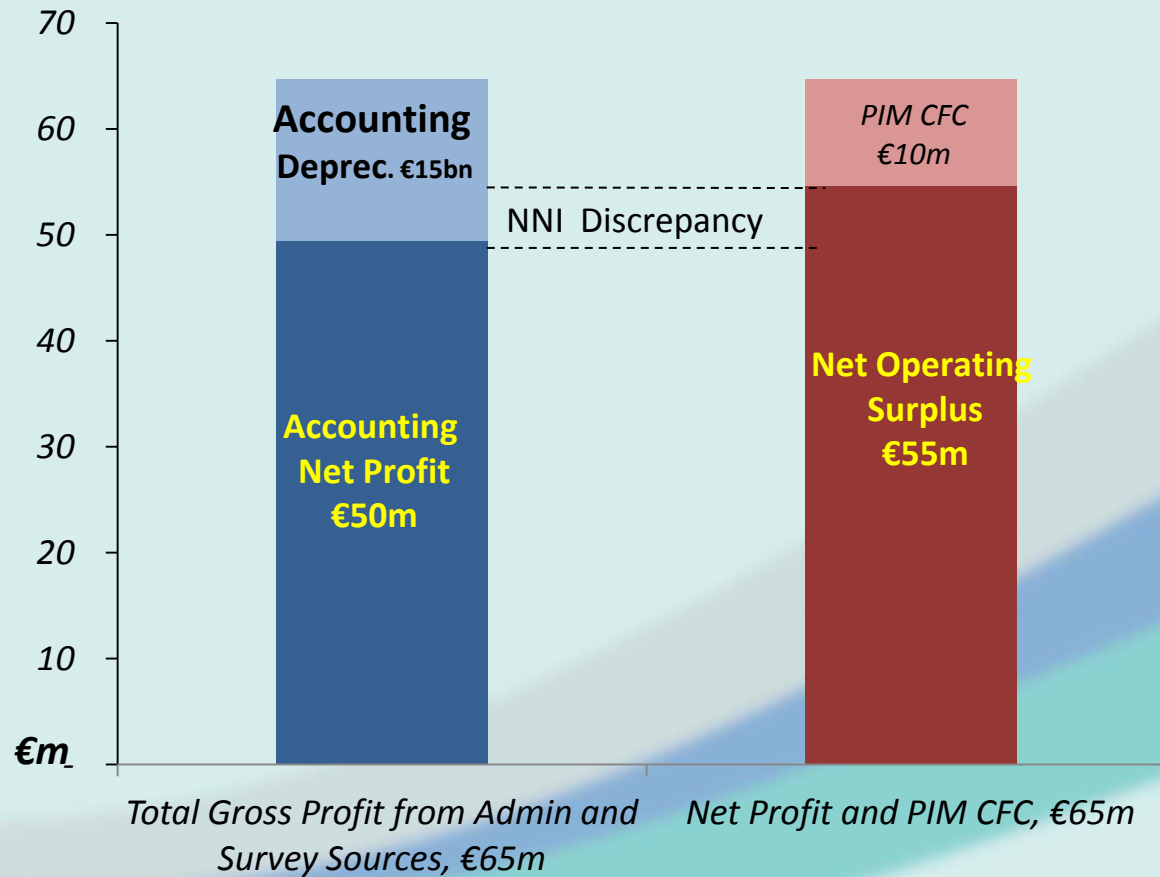
Income and Expenditure GDP

$$C + I + G + (X - M) = GDP + NFI + NT = GNI$$

$$NOS + COE + Deprec + (T - S) = GDP$$



Impact of Depreciation - IP Assets R&D





Data Sharing

- Cross institutional
- Within institutions
- Whole of Government
- Whole of Statistical System
- Cross Border



Corporate Inversions

- Re headquartered listed companies
- Centre of economic interest has changed
- Economic owner has changed
- Where is the value added being attributed
- Become Financial transactions in reinvested earnings



Other Issues

- Price and Volume measures
 - Industrial processing services
 - Trade in services - merchanting
 - Intra company services
 - IPP related services
- Economic classification - FGP



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