



SEMINAR ON ACCOUNTING FOR GLOBAL VALUE CHAINS

POLICY USE OF THE EXTENDED ACCOUNTS

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DG ECFIN

POLICY PRIORITIES AND DATA NEEDS

European Commission, DG Economic and Financial Affairs
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Luxembourg, 6 June 2017

Overview

- *DG ECFIN's policy areas and priorities*
- *Responsibilities and policy tools*
- *Analytical workstreams & data sources*
- *Data needs*
- *Concluding thoughts*

Policy areas and priorities

ECFIN "... contributes to the development of policies that are geared towards smart, sustainable and inclusive economic growth while preserving macroeconomic and financial stability..." in the EU and the Euro Area by promoting and improving:

- growth and employment enhancing policies
- macro-economic and fiscal stability
- investment
- prosperity beyond the EU
- the efficient functioning of the Economic and Monetary Union

Responsibilities and policy tools

- General economic policy advice
 - Economic surveillance in the context of the "European Semester"
 - Detecting and preventing macro-economic imbalances (macroeconomic imbalances procedure - MIP)
 - Fiscal surveillance (stability and growth pact and excessive deficit procedure – SGP/EDP)
- ➔ *Analytical approach involving high quality (official) statistics ("Evidence based policy making")*

Analytical workstreams

- European economic forecast & business cycle analysis
- Macro-economic database (AMECO)
- Multi-national macro-economic modelling (QUEST-model)
- Potential growth and output gap estimates; productivity analysis
- Impact of structural reforms and analysis of macro-economic imbalances
- Competitiveness and product market analysis
- Impact of EU policies on national economies
- Fiscal policy analysis
- Monetary policy and exchange rate analysis

Typical data sources and gaps

Official statistics

- National accounts, balance of payments
 - Business statistics
 - Social statistics (LFS, SILC)
- ⇒ Provide high quality official data
- ⇒ Problems: gaps for long time series, industry detail and asset-type breakdowns

Academic data

- e.g. EU-KLEMS, WIOD, INTAN/SPINTAN, ...
- ⇒ Help to fill data gaps, testing and providing estimates on concepts not yet covered by official statistics (e.g. "new intangibles"), but of relevance for policy making.
- ⇒ Problems: data quality, acceptance in policy processes, sustainable and continuous data production.

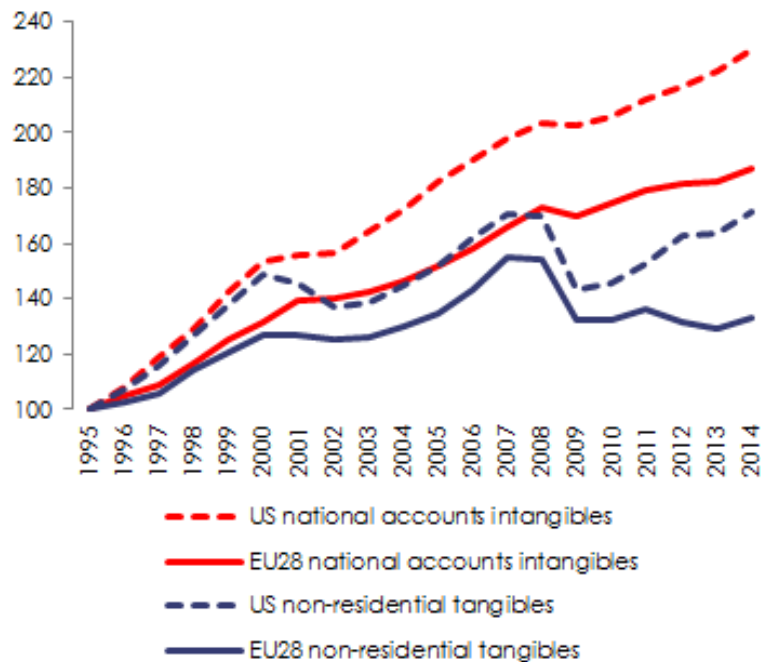
Some of the current hot issues

- ***Investment (tangible and intangible)***
- ***Globalisation***
- ***Productivity and growth***

Issue 1: Investment

Non-residential tangible and intangible GFCF in the EU-28 and the US, total economy

Chain linked volumes index 1995 = 100



Sources: Eurostat national accounts for EU-28, BEA for US

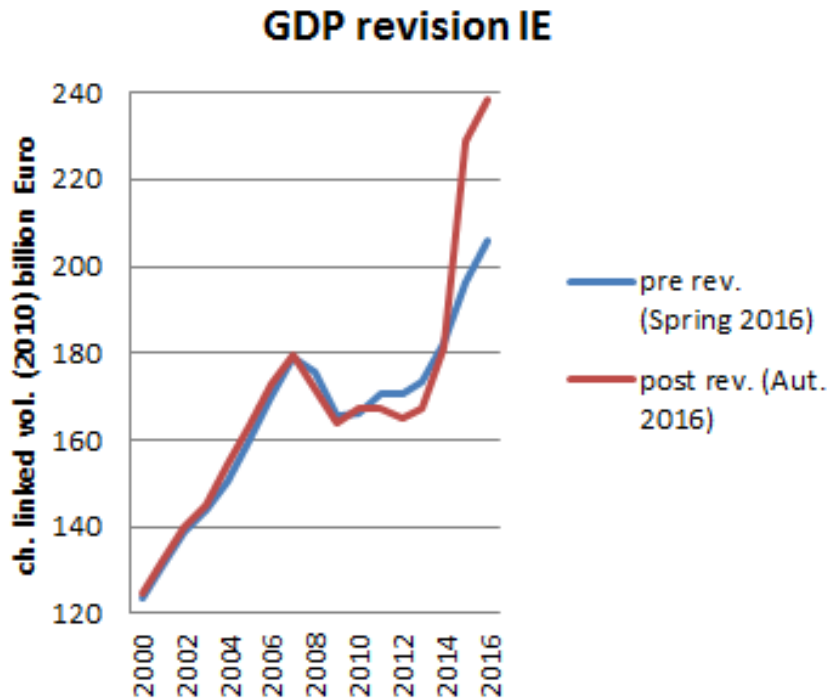
Main issues:

- Strong policy interest in overall investments and investments in intangibles
- Statistics: more granular GFCF and capital stock data; potential expansion of asset boundary ("new intangibles"); IPPs and globalisation

Issue 2: Globalisation

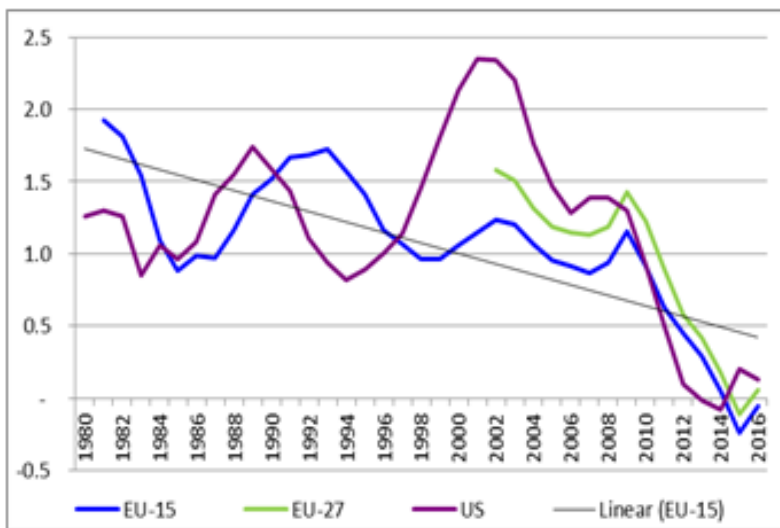
Main issues:

- Statistics: Capturing/ interpreting the impact of MNE operations and GVCs; assymetries; impact on forecasting and policy processes; cooperation and communication between NSIs and between users and NSIs
- Policy: Concerns over the impact of globalisation on production, employment and generation and distribution of income



Issue 3: Growth and productivity

TFP growth - trend



Main issues:

- Declining trend productivity: real, measurement problem or both?
- Data issues: prices (ICT, services but also industry), quality adjusted labour input and capital input indicators by detailed industry and asset type

Some concluding thoughts

- *Definite user need for better data on GVCs and extended international accounts*
- *Challenges:*
 - Burden on respondents and data producers; resources (many NSIs still struggling with complying with ESA 2010 transmission programme)
 - Feasibility of sustainable data production
 - Data quality (especially legally mandated policy processes require high quality data)
- *Solutions:*
 - Communication/cooperation: accross domains, between NSIs, between NSIs and users
 - Mainstreaming of academic frameworks into official statistics where possible
 - Better metadata (including underlying compilation methods and data sources) and information on revisions (especially in extreme events)