Data and empirical challenges when accounting for GVCs in trade analytical work

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Objectives of ESCAP analytical work on trade and investment

• How to make the gains from globalization engagement more inclusive?
• How countries at different stages of development will need to adapt their policy-mix to better draw development benefits from GVC engagement?
A simple value chain with four sourcing options

Domestic intra-group sources
International intra-group affiliates
Domestic external suppliers
International external suppliers

Four sourcing options

Domestic intra-group sources
Domestic external suppliers

Four sourcing options

Domestic intra-group sources
Domestic external suppliers

Four sourcing options

Domestic intra-group sources
Domestic external suppliers

Four sourcing options

Domestic intra-group sources
International external suppliers

International sourcing (trade)
Data gap and availability

- Bilateral trade statistics: goods and services
- Raw materials, (differentiated) intermediates, final goods (for household consumption): classifications drawn from the literature, UNCTAD-SOP, BEC
- Domestic and import content: by industry (product) from TiVA, EVA for (selected) countries
What we don’t know

Some data we would like to see (the fractions are made up!)

- Whether trade and GVCs really help host countries achieving SDGs?
  - technology spillovers?
  - SME participation?
  - Local productivity improvement?
  - Trend differences?

These data matter for making the gains from the GVC participation more inclusive.
Medium-term needs

• Improved statistics on international trade (goods and services) and FDI
  – Classification of intermediate and final products
  – Services mode 5
  – Foreign affiliates trade statistics

• Improved business surveys that collect data on domestic and international sourcing by business function
Long-term needs

• Capitalizing microdata and links between trade and business registers.

• An International integrated microdata platform that contain unique enterprise identifiers to tie all of the data sources together

• Confronting the challenges of microdata use...
  – Disappearing data
  – Incompatible data
  – Time series data are difficult to construct
  – Confidentiality blocks usage across agencies and borders
...microdata on global production sharing...

• Enterprise data at the highest disaggregation possible

  – Is the enterprise domestic or foreign-owned?
  – Is the enterprise part of an MNE or non-equity business network?
  – What products and services does the enterprise make itself or and what does it source domestically or internationally?
  – What is the volume and character of intra-firm trade?
  – What is the volume and character of global sourcing?
These enterprise-level data are generally confidential and reside in administrative systems!

...need to be linked to a full set of enterprise characteristics

- Firms births and deaths (business demographics)
- Employment (hiring and firing)
- Turnover
- Wages paid
- Occupational employment
  - Skills
  - Education and training requirements
- Performance
  - Growth
  - Profits
  - Market share (Not in any public dataset!)
- R&D and Innovation
  - R&D spending and employment
  - % of revenues from new products
  - Patents

These enterprise-level data are generally confidential and reside in administrative systems!
Thank you!

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