

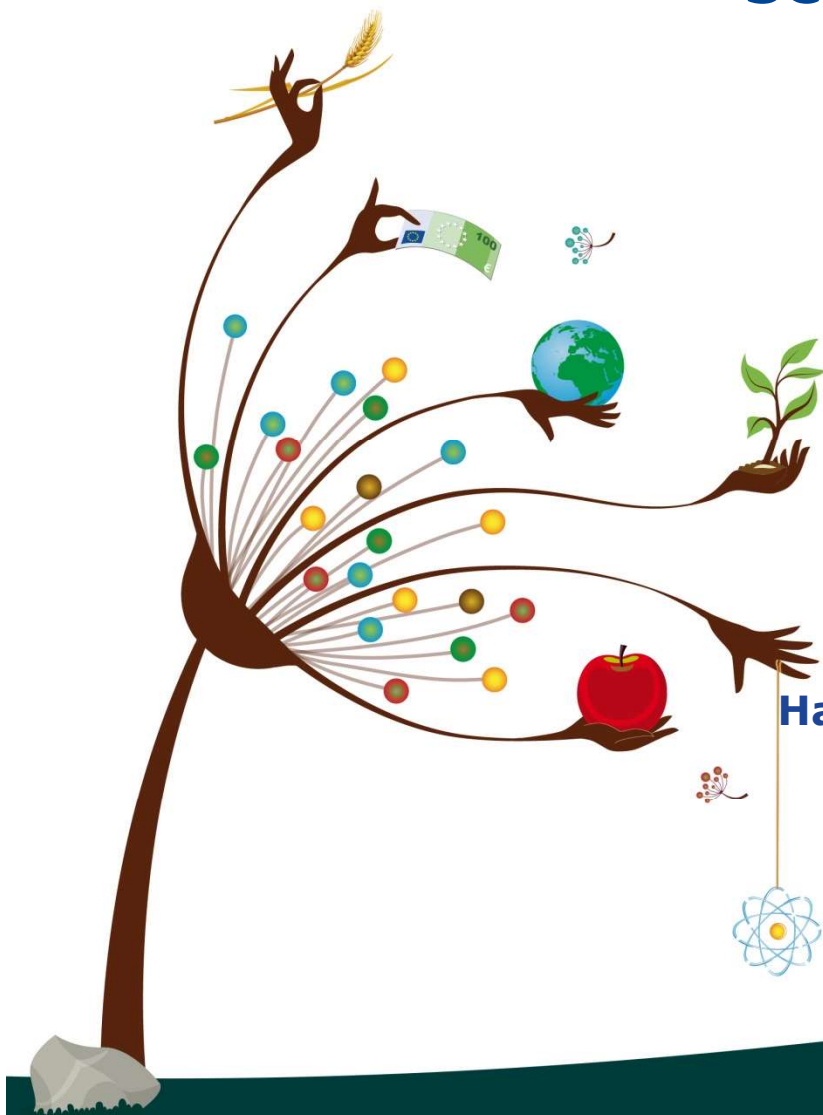
# The European Commission's science and knowledge service

Joint Research Centre

## OVERVIEW OF CONCEPTUAL FRAMEWORK OF GVC ACCOUNTING Discussion

**Dr. José M. Rueda-Cantuche**  
*European Commission*

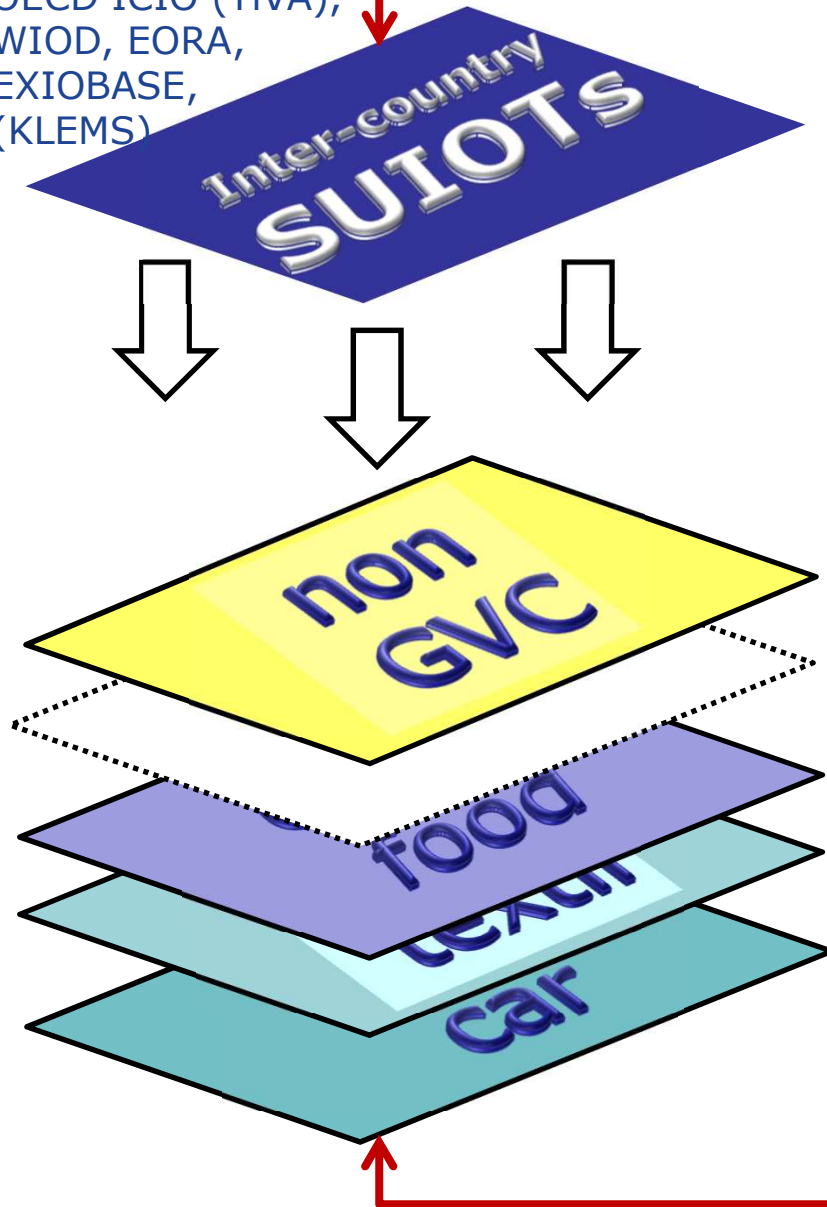
**Handbook on Accounting for Global Value Chains**  
Meeting of the Expert Group on International Trade  
and Economic Globalization Statistics  
Rome, May 7-9, 2018



# Overview of Conceptual Framework Of GVC Accounting

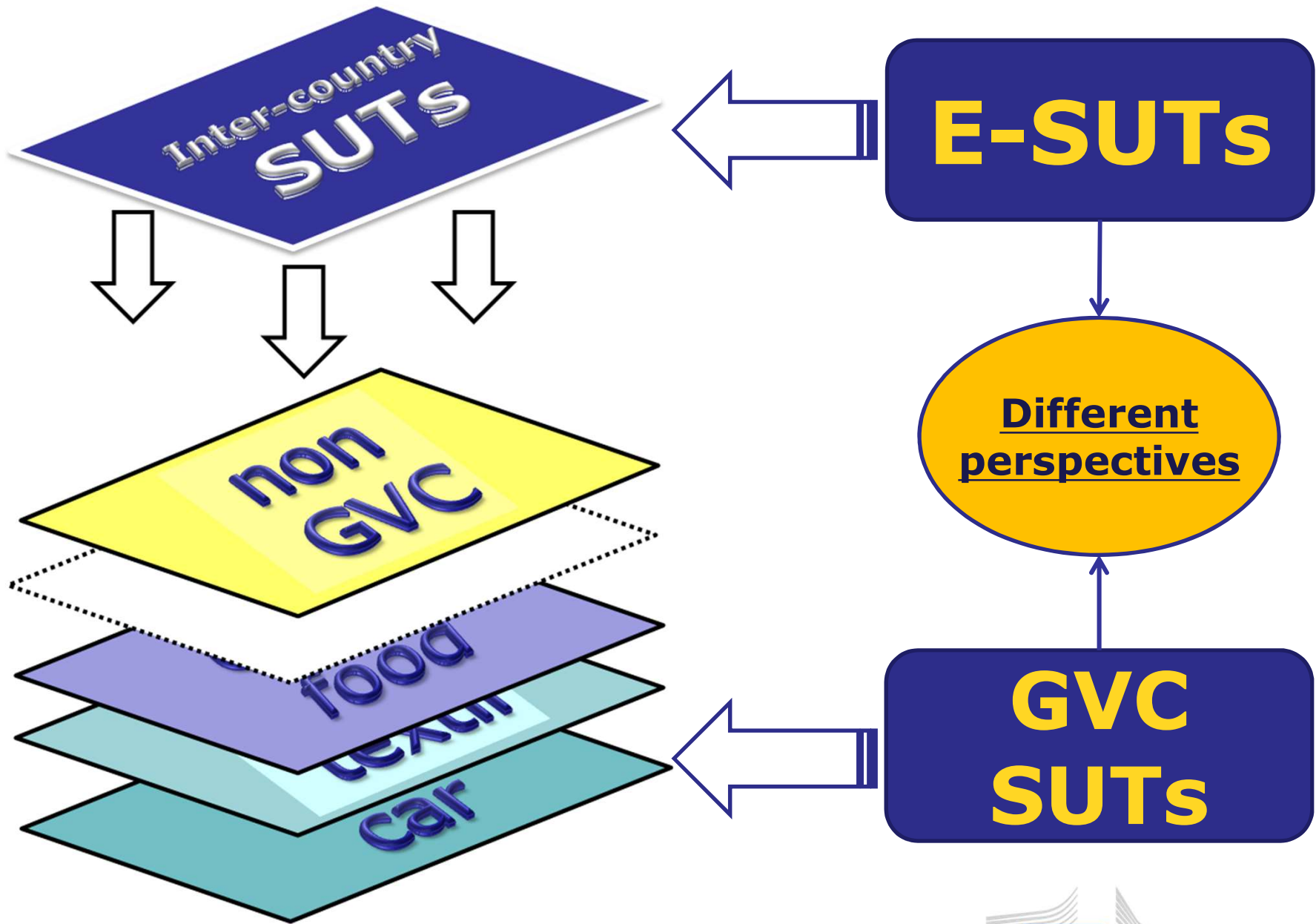
- 1. Data framework: Role of E-SUTs and GVC-SUTs in the Handbook*
- 2. Empirical data challenges*
- 3. Use of GVC SUTs for policy analysis*

OECD ICIO (TiVA),  
WIOD, EORA,  
EXIOBASE,  
(KLEMS)

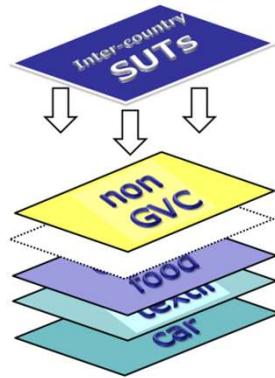


**Relevant features for GVCs**  
(and footprints) merged and  
hidden across products and  
industries throughout the SUTs,  
such as:

- ✓ Size of firms
- ✓ Exporter status
- ✓ Ownership status
- ✓ Global manufacturing firm
- ✓ Processing firm
- ✓ Firms operating in FTZs
- ✓ Business functions
- ✓ Factory less producers
- ✓ and others (e.g. KLEMS)...



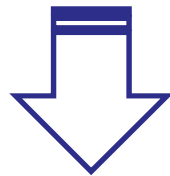
# GVC SUTs



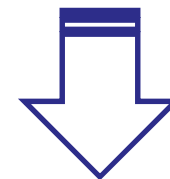
# E-SUTs

- ✓ Specific GVC (car, food...)
- ✓ Co-location, EU, regions...
- ✓ Business functions (industry)
- ✓ More detailed product levels
- ✓ Governance
- ✓ Coordination across NSIs

- ✓ No specific GVC
- ✓ Global focus
- ✓ Business functions (industry)
- ✓ Less detailed product level
- ✓ No explicit governance
- ✓ Use of shares over SUTs

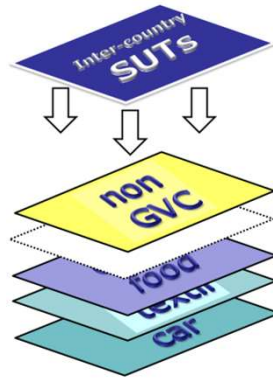


**GVC specific analyses  
(micro)**



**GVC specific analyses  
(macro)**

**GVC  
SUTs**



**E-SUTs**

**How should this new GVC accounting framework report the close inter-connection between E-SUTs and GVC-SUTs?**

1. More **recognition of the previous work** on E-SUTs (TiVA initiative) precursor of GVC SUTs
2. Recognition that the **E-SUTs is generally conceived for a macro perspective** and GVC SUTs from a more micro/specific GVC chain perspective, presenting different features

## 2. Empirical data challenges of GVC SUTs

- ✓ Estimation of **missing import trade flows** and **domestic trade and transport** margins
- ✓ **Processing firms** and **merchanting** activities
- ✓ International transport and insurance costs (**CIF-FOB**)
- ✓ Reconciling **trade asymmetries** (OECD TiVA)
- ✓ **Direct purchases** abroad
- ✓ Building up GVC-IOTs or use **GVC-SUTs for analysis**
- ✓ **Coordination across NSIs**: data and methodology
- ✓ Consistency with national totals: **discrepancies**

### 3. Use of GVC SUTs for policy analysis

- ✓ **Multirregional Input-Output Analysis (MRIO)** has become a crucial tool to analyse GVCs at macro level (using available world IO tables: OECD-WTO TiVA, WIOD...):
  - ✓ Decomposition of gross exports: DVA, FVA, DC
  - ✓ Measurement of trade in value added terms (RCA)
  - ✓ Forward/backward participation in GVCs
  - ✓ Upstreamness/downstreamness & average length
  - ✓ Productivity analysis: K, L (KLEMS)
- ✓ **Bring MRIO to the analysis of specific GVCs**
- ✓ **Standard MRIO (TALES) and/or Supply-Use Based Econometric IO multipliers**



# Thank you!!

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