International Trade and Globalization
Lunchtime Seminar
29 February 2012

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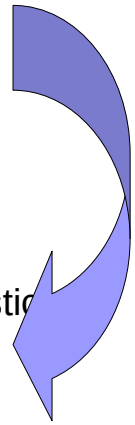
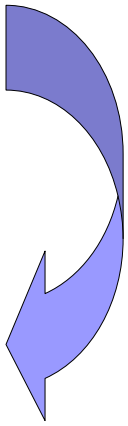
Cycle of official trade statistics

- Intergovernmental Processes
- Changing Patterns of Trade
- Research and Analysis
- Policy Demands
- Changing needs for Trade Data
- Maintaining the relevance of Trade Statistic
- Intergovernmental Processes



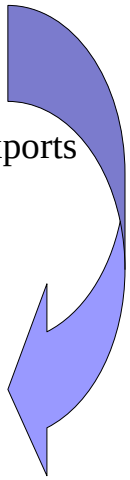
Keeping statistics relevant

- Official Statistics
- Academia and Research institutes
- Policy makers
- Official Statistics



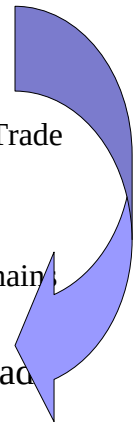
Example: Trade in Value-Added

- Traditional Customs-based Trade Statistics
- iPad and iPhone research example –
- Import content of Export or Value-added of Exports
- Pascal Lamy, WTO, and MiWi
- Angel Gurria, OECD
- Mainstreaming Trade in Value-Added



Example: Trade by Business statistics

- Traditional Customs-based Trade Statistics
- Global Value Chains Research –
  - For instance: to explain effects of Financial Crisis on Trade
- Development Policy on Trade and Industry
  - Upgrading a country's position in the Global Value Chains
- Recommendations to compile and disseminate Trade by Business statistics



International standards – current landscape

- National Accounts (2008 SNA)
- Industry Statistics (2008 IRIS)
- Classifications
  - ISIC, Rev.4
  - CPC 2.0
- Trade in Goods (IMTS 2010)
- Trade in Services (MSITS 2010)
- Guidelines for integrated economic statistics (2011)

Financial Crisis 2008 and Trade

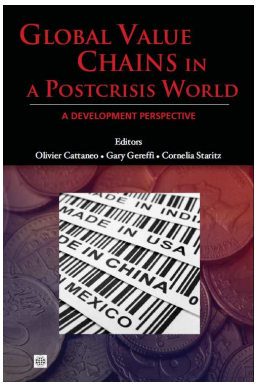
- Financial crisis caused import demand from developed countries to fall dramatically
- What were the observed effects on Trade?
- Large contraction of Global Trade in 2009, including
  - Decrease of Exports from China
  - Decrease of Exports from South East Asia

Research Studies – World Bank

Global Value Chains in a Post-crisis World: Resilience, Consolidation, and Shifting End Markets

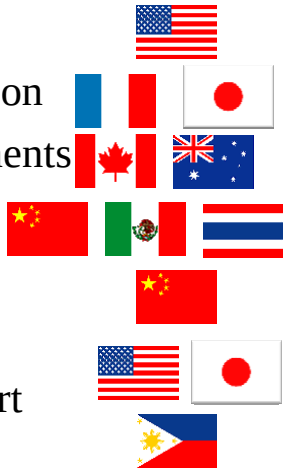
(Olivier Cattaneo, Gary Gereffi and Cornelia Staritz, editors – World Bank)

- Large decrease of Trade, but limited decrease of GDP
- Cascading effect – decrease in demand from US, led to decrease in demand from China for intermediate goods from its suppliers, notably in South East Asian countries



Global value chains analysis

Planning of product
↓
R&D/Design/Testing production
↓
Procurement of parts & components
↓
Assembly
↓
Final products
↓
Marketing/sale/export
↓
Customer service/user support



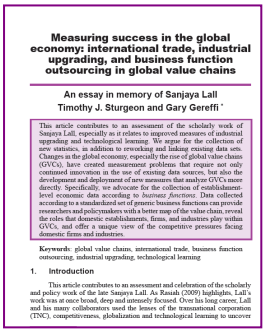
Global value chains analysis

Measuring success in the global economy: international trade, industrial upgrading, and business function outsourcing in global value chains

(Tim Sturgeon and Gary Gereffi, Transnational Corporations (Aug 2009) – UNCTAD)

Data Needs –

- Trade in Intermediate Goods vs Final Goods
- Trade in Services
- Linking Trade and Business Statistics



Measuring success in the global economy: international trade, industrial upgrading, and business function outsourcing in global value chains

An essay in memory of Sanjaya Lall

Timothy J. Sturgeon and Gary Gereffi

This article contributes to an assessment of the scholarly work of Sanjaya Lall, especially as it relates to improved measures of industrial upgrading and technological learning. We argue for the collection of new statistics, in addition to reworking and linking existing data sets. Changes in the global economy, especially the rise of global value chains (GVCs), have created measurement problems that require not only continued innovation in the use of existing data sources, but also the development and deployment of new measures that analyze GVCs more directly. Specifically, we advocate for the collection of establishment-level economic data according to *business functions*. Data collected according to a standardized set of generic business functions can provide researchers and policymakers with a better map of the value chain, reveal the roles that domestic establishments, firms, and industries play within GVCs, and offer a unique view of the competitive pressures facing domestic firms and industries.

Keywords: global value chains, international trade, business function outsourcing, industrial upgrading, technological learning

1. Introduction

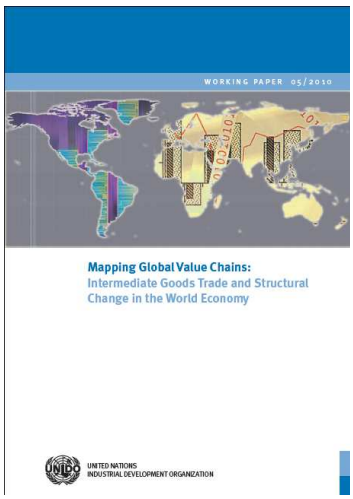
This article contributes to an assessment and celebration of the scholarly and policy work of the late Sanjaya Lall. As Rasiah (2009) highlights, Lall's work was at once broad, deep and intensely focused. Over his long career, Lall and his many collaborators used the lenses of the transnational corporation (TNC), competitiveness, globalization and technological learning to uncover

Example – Trade in Intermediate Goods

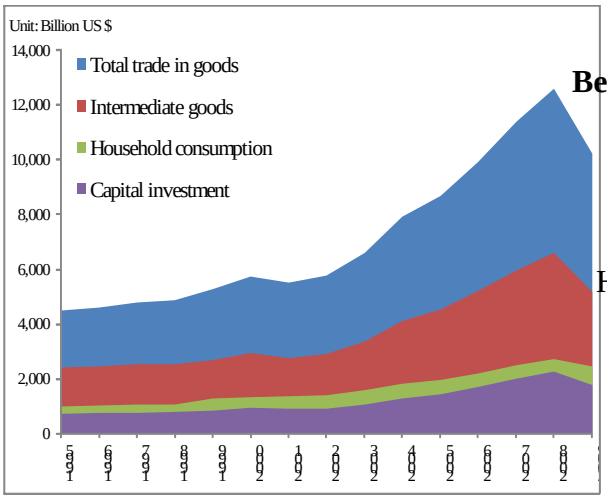
Mapping Global Value Chains:
Intermediate Goods Trade and Structural Changes in the World Economy

Tim Sturgeon (MIT) and
Olga Memedovic (UNIDO)

UNIDO Working Papers 2011



Contribution of trade in intermediate goods



Contribution rate
Before 2002 vs after 2002

Intermediate goods:
38%→54%
Household consumption:
34%→19%
Capital goods:
16%→20%

Source: calculated by Bo MENG and Norihiko YAMANO, 2011 (using OECD data, preliminary)

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Main data sources used in measuring Global Value Chains

- Firm based data（Apple, Toyota）
  - Micro level, but lack of global viewpoint
- Bilateral trade data（import and export）
  - Global, but no inter-industry information
- National input-output data
  - Inter-industry, but lack of global aspect
- International input-output data
  - Inter-country, inter-industry, but time lag (almost 5 years)

Main data sources used in measuring Global Value Chains

- Firm based data（Apple, Toyota）
- Customs-based imports and exports data
  - Trade in intermediate goods
  - Goods for processing / Export processing zone
  - Intra-firm trade
- National input-output data
  - Inter-industry, but lack of global aspect
- International input-output data
  - Inter-country, inter-industry, but time lag (almost 5 years)

Main data sources used in measuring Global Value Chains

- Trade by Business statistics
  - Linking Customs data with Business Registers
  - Linking trade with other economic and social data
  - Outsourcing of Business Functions
- National input-output data
  - Inter-industry, but lack of global aspect
- International input-output data
  - Inter-country, inter-industry, but time lag (almost 5 years)

Global Forum on Trade Statistics

Measuring Global Trade - Do we have the right numbers?

organized jointly by UNSD and Eurostat in collaboration with WTO and UNCTAD

2-4 February 2011, Geneva, Switzerland

1. Measuring Global Trade
2. New Recommendations IMTS / SITS
3. Data Sources
4. Global Production and Outsourcing
5. **Linking Trade and Business Statistics**
6. Trade in Value-Added

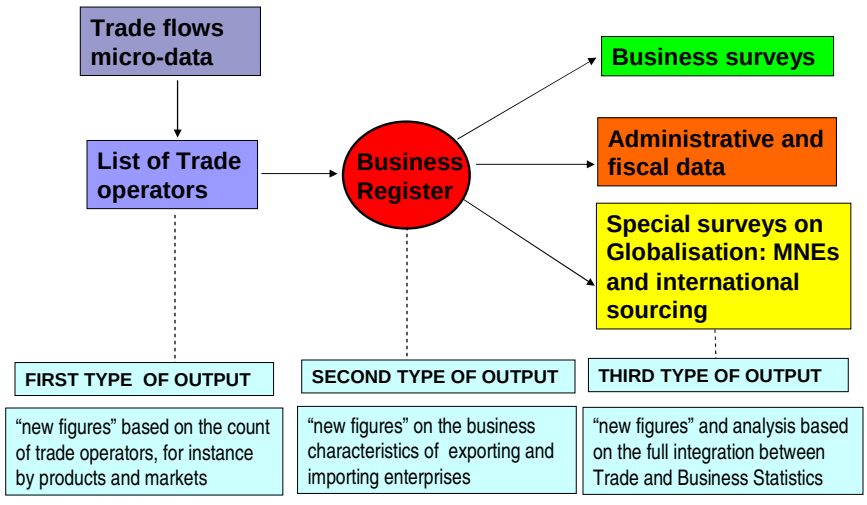
Linking Trade and Business Statistics

Italy

Netherlands

New Zealand

The link between the list of trade operators and the Business Register is the GATEWAY to any new and successful developments in trade statistics



Integrating economical, functional and social statistics

1 : M | 1 : N | 1 : P

Enterprise | Firm | Job | Person

Statistics of Finances of Enterprises

Ownership (UCI)

ConGO

Business Register

International Trade

Fiscal Data

Structural Business Surveys and short term indicators

Investments

R&D

Job register

Fiscal Data

Population register

Surveys Persons and Households

Longitudinal Business Database of Statistics New Zealand

Longitudinal Business Database

Administrative data	Longitudinal Business Frame	Survey data
• Goods and services tax data • Financial accounts (IR10) • Company tax returns (IR4) • Linked Employer Employee Database • Overseas merchandise trade • Government assistance data	Contains longitudinally linked data for most enterprises operating in NZ. Includes information on: • employment • location • industry • ownership relationship Allows individual business to be tracked over time.	• Annual Enterprise Survey • Business Operations Survey • Manufacturing and Energy Use Survey • Business Finance Survey • Research and Development Survey • International Trade in Services and Royalties

Summary

- Traditional Customs-based Trade Statistics
- Global Value Chain Research
- Policy needs regarding international position of National Trade and Industry
- Recommendations to compile and disseminate Trade (Goods and Services) by Business statistics

Thank you

http://unstats.un.org/unsd/trade/globalforum

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