

First meeting of the 2009/2010 Bureau
Washington, D.C., 15-16 October 2009

Item 3b of the Provisional
Agenda

**PROGRESS REPORT ON THE IMPACT OF GLOBALISATION
ON NATIONAL ACCOUNTS**

Note prepared by Statistics Netherlands

(Chair of the Group of Experts on the Impact of Globalisation on National Accounts)

I. BACKGROUND

1. The Joint UNECE/Eurostat/OECD Working Group on the Impact of Globalisation on National Accounts was established in 2007. In April 2009, the name of the Group was changed to “Group of Experts on the Impact of Globalisation on National Accounts” (GGNA) in order to comply with recent UN rules concerning the names of meetings. The work is undertaken jointly with Eurostat and OECD.
2. According to the terms of reference, approved by the Bureau of Conference of European Statisticians (CES) in April 2007, the objective of the GGNA is “to review the main distortions in the compilation of national accounts and related source statistics, as caused by globalisation”.
3. The final outcome, to be presented to the CES, will be a report with recommendations and best practices on the following points related to globalisation:
 - (a) Identification of the areas most affected by globalisation;
 - (b) Proposals to improve surveying, processing and integration of data;
 - (c) Proposals to arrive at international consistency;
 - (d) Proposals to improve international guidelines;
 - (e) Proposals to create medium for exchange of best practices.
4. The CES Bureau also decided to set up a leadership group (LG) to steer the work of the GGNA.

II. ACHIEVEMENTS

5. A progress report was presented to the CES in June 2008. The Conference was informed about the list of issues in the research agenda and about the outcome of the 2008 April meeting of the Group. Since then, the GGNA met on 11-13 May 2009 in Geneva. The LG had one face-to-face meeting on 13 May 2009 and held two teleconferences on 9 October 2008 and 7 April 2009.

6. During the last year, the LG agreed on a provisional outline for the final document to be prepared, entitled "Impact of Globalisation on National Accounts: Practical Guidance". The outline is presented in Annex I to this report. The LG also developed a template for the chapters to harmonise their structure and content.

7. During the May 2009 meeting of the GGNA, six issues from the research agenda were discussed in detail:

- (a) Special Purpose Entities;
- (b) Remittances and labour mobility;
- (c) International transactions in intellectual property;
- (d) Foreign Direct Investment; and
- (e) Transit trade and/or re-export.

8. In addition, three issues papers, namely *Multinational enterprises and allocation of income to national economies*, *Goods for processing*, and *Merchanting*, that were reviewed for the first time at the 2008 meeting of the Group, were presented for follow-up discussion. The authors of all issue papers would incorporate comments received and reformulate their papers as chapters for the final document by late autumn of 2009.

9. Several countries provided supporting papers on their experience in addressing issues from the research agenda. The authors of the chapters for the final document will take into account these supporting papers and will include them as case studies. Some countries volunteered to prepare additional case studies for the 2010 meeting. The 2009 GGNA meeting also decided that an annex (or a chapter) on the impact of the financial crisis be included in the final document.

10. The secretariat of the UNECE maintains the website for the work of the GGNA: <http://www.unece.org/stats/groups/wggna.e.htm>, which facilitates the exchange of knowledge, experience and best practices. The secretariat will further develop the website to provide guidance to the authors of the chapters and create a mechanism for monitoring the progress in drafting the final document.

11. The LG has ensured that international working groups that are involved, either directly or indirectly, in international discussions on issues related to the GGNA research agenda are informed about the work of GGNA. Some are also involved in the work of the Group. As an example, the Eurostat Task Force on Multinational Enterprises and the Working Party on International Trade in Goods and Trade in Services Statistics were invited to report to the May 2009 GGNA meeting.

III. FURTHER WORK

12. The LG has discussed extensively the process of drafting the final report and the timetable for preparation of the chapters and the full publication. The LG agreed on the following process:

(a) The authors of issue papers will redraft them as chapters of the final publication, taking into consideration the results of the discussion at the 2009 GGNA;

(b) The draft chapters will be reviewed by designated lead reviewers and the LG;

(c) After the review, the chapters will be sent back to the authors to incorporate the comments; and

(d) The Editor will assemble the final document on the base of the revised chapters.

13. The GGNA will meet again in late April 2010 in Geneva. It will review the first draft of the final document, including the nine chapters that were already discussed at the two previous meetings. In addition, three more chapters will be presented for discussion:

(a) Introductory chapter (or executive summary);

(b) A chapter on “Other household related issues” that will mainly cover issues like second homes and e-commerce;

(c) Annex/chapter on the impact of the financial crisis.

14. Following the 2010 GGNA meeting, a large consultation with the CES member countries will be conducted. Countries will also be invited to provide case studies, reflecting country experience that could be included in the final document. The Editor, in close cooperation with the LG, will review the comments and will incorporate them in the final publication. The ISWGNA will be consulted in relation to the chapters on Goods for processing and Merchanting.

IV. PROPOSAL

15. In the original timetable, it was planned to present the report to the Conference in June 2010.

16. In order to produce an output with good quality that will be useful for many countries, the report will have to go through a large consultation process, case studies have to be included, and the final document should be reviewed by the Editor. After that it will be presented for a review to the Bureau, before being submitted to the Conference. It will not be feasible to do all this in time for the CES June 2010 plenary session.

17. Therefore, **the LG decided to request the Bureau to extend the mandate of the GGNA for a further year.** The document is planned to be finalised by the end of 2010 and submitted to the Bureau in early 2011. The final report can be submitted to the Conference for endorsement in June 2011.

ANNEX 1

IMPACT OF GLOBALISATION ON NATIONAL ACCOUNTS: PRACTICAL GUIDANCE

PROVISIONAL OUTLINE FOR THE FINAL PUBLICATION OF THE GGNA
(as of 22 June 2009)

Foreword and Acknowledgements

Table of Contents

Introduction (or Executive Summary) – prepared by Robin Lynch, UK

I. Multinational Enterprises (MNEs)

Chapter 1: MNEs and the Allocation of Output and Value Added to National Economies (prepared by Steven Landefeld, Brent Moulton and Obie Whichard, US BEA)

Chapter 2: MNEs, Foreign Investment and related Income Flows (prepared by Ralph Kozlow, IMF)

Chapter 3: Special Purpose Entities (prepared by Bob Groot, Statistics Netherlands)

II. Foreign Trade in Goods and Services

Chapter 4: Goods for Processing (prepared by Michel Girard, Statistics Canada)

Chapter 5: Merchanting (prepared by Michael Connolly, Statistics Ireland)

Chapter 6: Export, Re-exports and Transit Trade (prepared by Daniela Comini, Eurostat, and Tjeerd Jellema, ECB)

Chapter 7: Transactions in Intellectual Property (prepared by Nadim Ahmad, OECD)

III. Issues in Relation to Households, Persons and Employment

Chapter 8: Labour Mobility (prepared by OECD (to be confirmed))

Chapter 9: Remittances (prepared by Obie Whichard, US BEA)

Chapter 10: Other household related issues (author to be decided)

IV. Concluding Remarks and Future Research

V. Annexes

Annex I: Case studies

- a) Goods for Processing and Merchanting by Hong Kong, China (to be confirmed);

- b) Remittances by Bulgaria, Czech republic, Russian Federation and Ukraine;
;
- c) Special Purpose Entities by Cyprus, Hungary, Ireland, Luxembourg, Russian Federation and United States (to be confirmed);
- d) Others (to be decided).

Annex II: Impact of the financial crisis (authors to be decided).

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