

**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<sup>1</sup>)

**I. BACKGROUND**

1. The Group of Experts on the Impact of Globalisation on National Accounts (GGNA) was established in April 2007 with the objective to review the main distortions in the compilation of national accounts and source statistics caused by globalisation. A Leadership Group (LG) was set up at the same time to steer the work of the GGNA.
2. The primary output of the GGNA will be a report with recommendations and best practices reflecting changes in international standards on the following points:
  - (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 a medium to exchange best practices.
3. The report is foreseen to be released as a publication.
4. In October 2009, the CES Bureau reviewed a progress report by the GGNA and decided to extend its mandate to June 2011 in order to allow more time for country consultations. The Bureau also recommended that country case studies should be added as annexes to each chapter of the report.
5. This note updates the progress achieved since October 2009 and proposes a process for consultation and adoption of the final report.

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<sup>1</sup> The Chair of the GGNA would like to thank and compliment the editor Peter Bull, the UNECE secretariat, and all authors and reviewers for their indispensable contributions, without which the quality of the output and the progress up to now could not have been achieved.

## II. ACHIEVEMENTS TO DATE

6. Since the previous progress report in October 2009, the GGNA met on 28-29 April 2010 in Geneva. The LG had a teleconference on 23 November 2009 and face-to-face meeting on 30 April 2010.
7. The LG has invited Peter Bull from European Central Bank (ECB) to be the editor of the final report. The substantial editing started after the GGNA meeting in April 2010.
8. The chapters on merchanting and goods for processing were submitted to the ISWGNA for comments in February 2010. These chapters provide operational guidelines for the implementation of the 2008 SNA treatment of merchanting and goods for processing.
9. A first draft of the report was initially edited and sent for country comments in March 2010. It included an introduction and eight chapters that were discussed at the two previous meetings of the GGNA. As recommended by the Bureau, country case studies are being incorporated in the chapters.
10. The GGNA meeting in April 2010 reviewed the draft of the report. Results from the country consultation and comments from the ISWGNA were also discussed. In addition, four more chapters were presented for discussion: (i) labour mobility, (ii) second homes, (iii) e-commerce and (iv) the impact of the financial crisis. The meeting recommended the following:
  11. Structure and contents of the final report:
    - (a) To group interrelated topics into sections with an introduction by the editor;
    - (b) Country studies to be included for each chapter;
    - (c) Second homes and e-commerce to form individual chapters instead of one chapter on other household related issues;
    - (d) The paper on the impact of the financial crisis to be included as an annex;
    - (e) To add a new chapter on global manufacturing to capture the broader impact of multinational enterprises, while the chapters on processing and on merchanting should deal with the issue more narrowly;
    - (f) New case studies and proposals for future research to be added by authors where appropriate.
  12. Review process:
    - (a) Chapters to be revised by the authors to reflect the feedback of the GGNA meeting in April 2010. Countries have been invited to provide case studies;
    - (b) The revised chapters should pass reviews by the LG, lead reviewers and the editor;
    - (c) The LG will agree on the ordering of the chapters and how to address issues in relation to the financial crisis in the publication;
    - (d) The draft report will have a final review to ensure consistency etc.;
    - (e) The LG to rethink the title of the final report.
  13. The outline of the report is included in the annex. Steps (a) and (b) of the review process are finalised. Most chapters have been processed by the editor and first draft of the report should be presented to the LG for comments in November.

14. The report will list areas for future research and possible international fora that can advance the work. The 2012 Joint UNECE/Eurostat/OECD Meeting on National Accounts will have a session on globalization that will discuss the progress made in relation to the research areas.

### **III. FURTHER WORK**

15. The LG plans to finalise the report by the end of 2010. The following timetable is proposed for consultation and adoption of the final report in the form of a publication.

<b>early January 2011</b>	Final report to be sent to CES Bureau members for comments.
<b>end February 2011</b>	The CES Bureau to decide whether the report, incorporating comments by Bureau members, is suitable to be circulated to all CES member countries and organisations for comments.
<b>end March 2011</b>	Revised report to be circulated to all CES countries for comments (for approximately 6 weeks).
<b>June 2011</b>	Final report to be presented by the chair of the GGNA to the CES 2011 plenary session for adoption.

### **IV. CONSIDERATION OF PROGRESS REPORT**

16. The GGNA is currently on track to complete the project on schedule.

17. **The GGNA would appreciate any feedback, advice or comments on the outline of the report and the procedure for its finalisation.**

## ANNEX 1

### Impact of Globalisation on National Accounts

Provisional outline for the final publication of the GGNA  
(as of 13 October 2010)

Foreword and Acknowledgements

Table of Contents

Introduction (prepared by Robin Lynch, UK and Peter Bull, ECB)

#### **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)  
Case studies: Ireland, Netherlands, Finland, Sweden

Chapter 2: MNEs, foreign investment and related income flows (prepared by Ralph Kozlow, IMF)  
Case study: Russian Federation (to be confirmed)

Chapter 3: Special purpose entities (prepared by Bob Groot, Statistics Netherlands)  
Case studies: Netherlands, Ireland.

#### **II. Foreign trade in goods and services**

Chapter 4: Goods for processing (prepared by Michel Girard, Statistics Canada)  
Case studies: Hong Kong, China

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

Chapter 6: Transactions in international intellectual property (prepared by Nadim Ahmad, OECD)

Chapter 7: Global manufacturing (prepared by Mark de Haan, Statistics Netherlands and Peter Bull, ECB)  
Case studies: Finland, Israel, US

Chapter 8: Quasi transit trade (prepared by Daniela Comini, Eurostat, and Tjeerd Jellema, ECB)  
Case studies: Hungary, EU

#### **III. Issues in relation to households, persons and employment**

Chapter 9: Labour mobility (prepared by Soli Peleg, CBS Israel)  
Case studies: Czech Republic, Germany, Israel, Moldova, Ukraine

Chapter 10: Remittances (prepared by Obie Whichard, US BEA)  
Case studies: Russian Federation, Ukraine, Czech Republic, Bulgaria

Chapter 11: Second homes (prepared by Ann Lisbet Brathaug, Statistics Norway)  
Case studies: UN World Tourism Organization, Norway, Ireland, Mexico (to be confirmed)

Chapter 12: E-commerce (prepared by Mark Vancauteran, Statistics Netherlands)  
Case study: Netherlands

#### **IV. Concluding Remarks and Future Research**

#### **V. Annexes**

Annex I: Impact of the financial crisis (prepared by Peter Bull, ECB)

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