

Recording International Commodity Trade and Production Abroad

Johanna Pakarinen
Senior Statistician, National Accounts

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Chapter 7 Recording International Commodity Trade

- Chapter 7 focuses on measuring international commodity trade and capturing processing fees related to global production
- The paper discusses the international standards related to processing and changes due to the new BPM6, SNA2008 and ESA2010 as well as IMTS2010
 - Differing standards cause inconsistency in recording international commodity trade for goods sent abroad for processing
- The chapter 7 is based on the final report of the Eurostat Task Force on Goods Sent Abroad for Processing

Chapter 7 Recording International Commodity Trade

- Country experiences and case studies are presented through the chapter
 - Descriptions on how countries are applying the standards with the information they currently possess – but how should it be done in 'the perfect world'?
 - Stronger and more explicit practical guidance could be useful for compilers
- Strengthening cooperation (Central banks, large and complex cases units, international cooperation...)
- Activities of non-residents registered for VAT in the host country

Chapter 7 - Processing Fees

- Capturing processing fees
 - Exports of processed goods – imports of goods for processing
≠ processing fee
 - Only way by surveys?
- Development of price inflators for processing fees
 - Knowledge needed on what is actually included in the processing fee
 - BPM6: may also include value of goods
- Challenge for supply-use/input-output tables
 - Breakdown of processing fees according to CPA2008 classification

Chapter 7 - Proposed Solutions

- Ownership as key identifier for processing
 - No ownership change = processing, physical transformation
secondary criteria → how does merchanting fit into the picture?
- Nature of transaction system for identifying processing
- Flexibility of data sources
- Flagging processing flows in IMTS
- Improving surveying of industrial processing in business surveys and balance of payment statistics (questions on flows of goods and processing fees)

Chapter 8 Recording of production abroad

- Chapter 8 focuses on capturing the output or turnover of production abroad

- Proposed solutions:
 - Identifying units engaged in global production
 - Large business units
 - Strategy
 - Capture the global production with minimal increase to respondent burden
 - How to best utilise already existing data sources?

Chapter 8 - Data Sources and Methods

	Processing services	FGPs	Merchanting
Manufacturing surveys	- Own/other manufacturing → local/international	Qualitative questions for inward/outward processing	
Wholesale/retail trade surveys			Questions on domestic and abroad sales and inventories abroad
International trade in services etc. surveys (→ upgrade needed)	Yes, possibly also processing with affiliates	As in manufacturing survey (lower coverage?)	Yes (although SITCS coverage on retail & wholesale usually low)
Merchandise trade statistics	May provide some info, needs adjustment		
Foreign direct investment surveys	Determining control (=ownership) in production chain		
Foreign affiliate statistics	Possibly processing revenues between affiliates	Determining control (=ownership) in production chain	
Enterprise financial statistics	New questions on global production and control to surveys		

Chapter 8 - Data Sources and Methods

	Processing services	FGPs	Merchandising
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International trade services etc. surveys (→ upgrade needed)			Although SITCS coverage on retail & sale usually low)
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- Processing can be captured via many data sources, FGPs and merchandising more difficult
- Need for revisions or additional questions in many surveys
 - How to collect all necessary information without increasing respondent burden?

Common Themes & Discussion Topics

- Flagging
 - Goods for processing in IMTS
 - Factoryless goods producers
 - Enterprises producing globally
 - Inventories held abroad
 - ...
 - Data exchange still limited → Consistency of flags between countries?

- Production arrangements often very complicated and fragmented

Common Themes & Discussion Topics

- Clearly need for new data exists, and introducing new survey questions may be the only certain way to capture global production.
 - How can the effects on respondent burden be minimized?

- Importance of data confrontation and cooperation
 - How can this be facilitated and what should be the role of international organisations?
 - Large and complex enterprises units. International (European) profiling has already been done with some MNEs (ESSnet project)
 - In addition to trade flows, consistency of classifications and statistical units is important – what is considered as outward processing in one country should be inward processing in another