

From Balance of Payment totals to detailed supply and use products - handling globalized production set ups

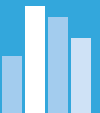
Geneva, 31th of May 2017



New treatment of globalization phenomena

SNA2008/ESA2010 changed treatment of various globalization phenomena:

- *Processing*
- *Merchanting*
- *Construction activity*



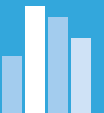
Data from BoP and ITG statistics

- Data from BoP (no commodity information) for
 - Goods bought abroad to be processed abroad (and vice versa)
 - Construction activities
 - Other goods not crossing Danish borders
 - Merchanting
- Detailed data from ITG (incl. commodity information)
 - Goods sent abroad for processing abroad (and vice versa)
 - Non-resident companies



Treatment of data with commodity information

- Commodities flagged in ITG statistics => readily removable
 - Non resident companies
 - Goods sent abroad for processing



Treatment of data containing only company information

- Processing (goods not crossing Danish borders)
 1. Use Prodcom* statistics for goods sold abroad after processing/ Purchases of goods and services statistics for manufacturing used for goods bought abroad for processing abroad
 1. Matching on firm level
 2. Matching on detailed industry level (737 industries)
 2. Manual treatment
 3. Grossing up to BoP totals

*Danish Prodcom is global



Treatment of data containing only company information, continued

- Construction activity
 - Imports related to construction activity:
 - Distributed on a limited and fixed number of typical construction commodities
 - Exports related to construction activity:
 - Supplementary information from BoP on exporting companies is used to identify goods exports in external trade data.
 - Grossed up to totals from BoP if necessary



Treatment of data containing only company information, continued

- Other goods not covered in external trade
 - Default assumption: Imports and exports not covered are the same commodities as those actually covered in ITG statistics for each company
 - In a few cases actual commodity information is available and used
 - If no information is available we guesstimate
- Merchanting
 - Has its own commodity number in the Danish SUT



Problems

- Difficult to communicate to companies what data we need especially in connection with globalization phenomena => led to Danish revision in 2016
- Difficult to keep track of globalized companies; often changing organizational setup and production setup
- Hard to explain to the public the new treatment of global phenomena in NA => the Irish case
- Increased need of cooperation within statistical offices (and possibly between offices)



What to do?

- We need to understand our data and the manuals better
- We need to better communicate the changes and the rationale for them
- Setting up of Large Cases Units
- Important questions going forward:
 - Are the manuals flawed in their treatment of globalization
 - What are the lessons from the Irish case
 - What supplementary measures are needed; “Mainland GDP” proposed in Denmark

