



Measuring global production - results of a stocktaking exercise

Group of Experts on National Accounts

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Mushtaq Hussain (Eurostat)

IGA Project

- Project officially launched in September 2016
- Proper measurement of the impacts of globalisation on macroeconomic statistics
- The focus of the work is on:
 - Global Production
 - Integrated global accounts
 - Improving the quality of data on globalisation
 - Knowledge sharing
- **IGA Task Force:** EU Member States and international organisations

Stocktaking on global production

- During Nov. 2016 – Jan. 2017, Eurostat carried out a stocktaking on treatment of global production arrangements
- The aim was to support Member States in implementing the international rules and recommendations
- A questionnaire was sent to the of **NA and BoP** compilers, coordination with **business statistics** was requested
- The questionnaire covered methodologies, data sources, compilation practices, main challenges and future plans
- **27 Member States and 4 non-EU countries** responded

Stocktaking - the questionnaire

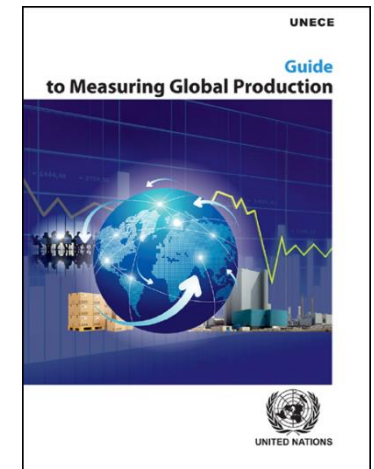
The questionnaire addressed the following main themes:

- Principles of economic ownership
- Global production arrangements
- Goods for processing
- Merchanting
- Factoryless goods producers
- Extended Supply and Use Tables
- Quasi transit
- Contacts with Multinational Enterprises (MNEs)
- Ensuring national data consistency and resolving international data asymmetries
- Main measurement challenges and future plans



Guide to measuring global production

- The **Guide** is considered as a **practical and useful** support by 12 countries.
- Chapter on **typology** was mentioned by some of particular help
- **2 countries use occasionally.**
One of them use the 2011 publication
- **16 countries do not use** the Guide.
4 considering to make use in future.
- According to some countries, **real life business cases** are often more complex



Economic ownership

- **Business accounts** of the enterprise are used by 14 countries for deciding on the economic ownership of material inputs, intellectual property and output
- Intensive regular contacts with the **largest MNEs** in 5 countries, ensuring that economic ownership of IPPs and IPP related transactions are correctly attributed
- 6 countries applied **decision tree** to correctly identify the economic ownership of IPPs
- SBS, ITGS and ITSS data in 1 country
- 7 countries **do not apply** any methodology

Goods sent abroad for processing

Data sources (processing fees):

- **ITSS survey** is the main source of data in 15 countries
- In some, other available sources (ITGS, Prodcum, SBS, LCU, etc.) are used for validity and consistency
- In 8 countries the data source is **ITGS**. Some of them use also additional data. One country uses **ITRS**.

Additional breakdown:

- 22 countries can provide the **country of the trading partner** in case of outward processing, not names or the VAT numbers.
- **Industry of resident processor**, in case of inward processing can be provided by 25 countries

Merchanting

Data sources:

- **ITSS** questionnaire and **BoP** direct reporting : 21 countries
- SBS, VAT declarations, other surveys: 5
- ITRS: 3

Additional breakdowns:

- Information about the **partner country**, sometimes without the link between purchases and subsequent sales: 21 countries
- **CPA** breakdown, indirectly through NACE of the trader, ITGS or ad-hoc study, etc.: 10 countries
- Partly, only for biggest companies: 3 countries
- CPA only for the margin: 1 country

Factoryless goods producers

Separate identification of FGPs :

- Do not separately identify: 27 countries
- In most countries no concrete plans
- **2 countries identify** such cases, 1 through LCU, the other one through various data sources and identification criteria
- 4 of them are working on identifying FGPs
- FGPs have negligible impact in many economies

Extended supply and use tables

Disaggregation in Supply and Use tables:

- Introduced or planning to introduce disaggregation: 4 countries
- No immediate plan: 27 countries, main reason lack of resources, heavy work load and lack of necessary data
- Several countries participated in the **OECD TF on Extended SUT**. Results will be analysed before taking a decision.

Quasi transit

Identification of transactions related to quasi-transit:

- In most countries identified by **ITGS** (customs procedure codes), ITGS undertake necessary adjustments for NA/BoP
- In most MSs it is **not possible to make the link in the records** between imports and re-exports
- Link between imports and subsequent exports under quasi-transit possible in 3 countries by means of internal databases
- In several countries insignificant part of transit trade.

Consistency and asymmetry

Bilateral trade asymmetry:

- 18 MSs participate in various **reconciliation rounds**
- Participation in **FDI network** and **ITGS** reconciliation exercises
- Several analyses within country blocks.
- 6 countries not involved in any of them.

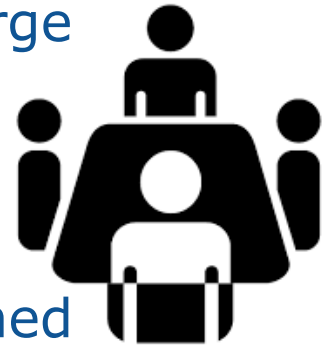
Consistency between BoP and NA/RoW accounts:

- In 7 countries BoP and NA/RoW are compiled in the same institutions; in others: divided between NSI and NCB
- In some cases - formal service level agreements defining the responsibilities and competences of involved institution
- Close cooperation, regular or ad-hoc bilateral meetings and reconciliation exercises are a common practice

Contacts with MNEs

Existence of specialised unit dealing with profiling large enterprises and collecting data in a coordinated way

- In 7 countries there are such **specialised units**
- In 2 others such a unit is currently being established
- In most of other MSs such work is carried out usually by **Business Register and Classification Unit**
- In at least 19 countries there are regular or ad-hoc contacts with MNEs via on-site visits, email or telephone



Main challenges and future plans

Strengths in capturing the impact of globalisation in NA/BoP

- Existence of LCU: 4 countries
- Close cooperation within NSI and between NSI/NCB: 4 countries
- Availability and use of wide range of data sources: 6 countries
- Consistency across NA and BoP: 4 countries

Areas that need further development:

- Identification and measurement of global production: 10 countries
- Need for national and international data sharing: 2 countries
- Profiling multinational enterprise groups: 2 countries
- Breakdown of NA/BoP in sectors dominated by foreign-owned MNEs: 1 country

Conclusions

- The answers give a detailed picture of the **state of play** in the responding countries.
- They will be used for sharing best practices and for **supporting** the MSs in implementing the international rules and recommendations
- The challenges faced by the countries and their future plans will be used to define the **activities of the IGA** project in a more targeted way





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Thank you for your attention!