

## **TERMS OF REFERENCE FOR TASK FORCE ON GLOBAL PRODUCTION**

**Note prepared by Statistics Netherlands and the UNECE secretariat**

### **I. BACKGROUND**

1. Global manufacturing is a topical issue which significantly complicates the compilation of economic statistics. It has evolved to encompass a broad range of business arrangements and organizational forms. Today, multinational enterprises account for a large share of international trade between countries. National statistical offices need to handle the changing forms of global manufacturing to produce the regular statistics. It is important to identify best practices developed by countries, and agree internationally on the practical guidelines needed in order to foster international comparability.

2. Already in 2007 the Conference of European Statisticians (CES) established an Expert Group on the Impact of Globalization on National Accounts. This group was asked to examine how globalization affects economic statistics and national accounts in particular. By the end of 2011 the findings of this expert group will be published in a statistical guide “The Impact of Globalization on National Accounts”.

3. In the course of drafting the chapters on industrial processing (chapter 5), merchandising (6) and international transactions in intellectual property (7), and measurement issues associated with administrative trade data (9), quite some attention was paid to the phenomenon of global manufacturing. At a rather late stage in the drafting process it was decided that the issue of global manufacturing would deserve a chapter (8) on its own. Although in a short period of time many aspects of global manufacturing were discussed and presented in this chapter, some important issues were not sufficiently dealt with and need further attention.

4. The CES consultation of the guide “The Impact of Globalisation on National Accounts” identified conceptual and practical aspects of global manufacturing arrangements in relation to the implementation of the new global standards 2008 SNA and BPM6 as the major priority for the future research agenda. In June 2011 the CES approved the guide including the proposed work. On this background the CES Bureau decided to make an in-depth review of global manufacturing and requested Statistics Netherlands to prepare a paper to provide basis for the discussion.

5. The in-depth review paper by Statistics Netherlands was sent for comments to the UNECE Steering Group on National Accounts (SG) and to the authors of the relevant chapters in the guide “The Impact of Globalization on National Accounts” i.e. to the following countries and organizations: Armenia, Canada, Finland, Ireland, Israel, Netherlands, Norway, Russian

Federation, Sweden, The former Yugoslav Republic of Macedonia, United States, Eurostat, OECD, CIS-STAT, UNSD and IMF.

6. The consultation stressed the importance of establishing an expert group (in the form of a Task Force) to elaborate on the conceptual and measurement issues related to global manufacturing. The SG also pointed out that rather than global manufacturing the research should focus on global production arrangements in general, not to understate the importance of production of services and transactions in intellectual property products.

7. Furthermore, UNSD and OECD highlighted the support of the ISWGNA for further work on global production arrangements as part of the global effort to develop implementation guidance for the 2008 SNA.

## **II. MANDATE**

8. The Task Force (TF) is established under the CES SG on National Accounts. It will report to the Conference of European Statisticians (CES) and its Bureau. It will provide progress reports on its activities and outputs to be evaluated by the CES Bureau.

9. The TF will also regularly consult and provide progress reports to the ISWGNA and Advisory Expert Group (AEG) on National Accounts to ensure the international coordination of the work related to implementation of the 2008 SNA.

## **III. OBJECTIVES**

10. The objectives of the TF are twofold. The first goal is to develop guidance on the unresolved conceptual issues arising from 2008 SNA and BPM6 in relation to global production. The second goal is to develop further guidance on implementation aspects. In doing so, the TF will study the existing practices of countries in relation to the different types of global production arrangements.

## **IV. PLANNED ACTIVITIES AND OUTPUTS**

11. The TF will agree on the content and structure of the report and organize the drafting of the sections. Drafts of the report will be circulated for discussion to the UNECE Group of Experts on National Accounts (organized jointly with OECD and Eurostat) and the OECD National Accounts Working Party. Consultation with other forums, such as BOPCOM and ESCAP Committee, shall be sought.

12. The output will be a report including guidelines on global production which should:

- (a) Focus mainly on national accounts and balance of payments aspects;
- (b) Collect information of existing global production arrangements and country experiences for their treatment in national accounts and balance of payments accounting;
- (c) Clarify typology, concepts and definitions;
- (d) Address arising conceptual and measurement issues;
- (e) Provide practical guidance on the statistical treatment of global production arrangements;
- (f) Provide guidance on the required data collection, including the use of administrative data;
- (g) Recommend examples of good practices whenever appropriate.

13. The TF should develop a more detailed priority list and timetable for the work on the outstanding conceptual and measurement issues and consider what is possible to achieve within its mandate.

## V. TIMETABLE

14. The following timetable is proposed:

<b>December 2011</b>	The TF constitutes itself with members and chairs.
<b>January 2012</b>	The First meeting of the TF to agree on the more detailed research agenda and plan for the division of work for the February 2012 CES Bureau.
<b>October 2012</b>	Interim report with first results to the CES Bureau, BOPCOM, and OECD WPs on national accounts and international trade.
<b>December 2012</b>	Interim report with first results to the ISWGNA.
<b>February 2012 – October 2013</b>	Preparation of the draft sections of the report.
<b>September 2013</b>	Draft report to the ISWGNA and the AEG.
<b>October 2013</b>	Draft report to the CES Bureau, BOPCOM, and OECD WPs on national accounts and international trade.
<b>Early 2014</b>	Finalization of the report and global consultation.
<b>June 2014</b>	Presentation of the final report to the CES plenary session for endorsement.

## VI. METHODS OF WORK

15. The TF starts its work with the face to face meeting in mid January 2012 in Geneva. The work agreed in the meeting will mostly be carried out by use of e-mail and audio-conferences. The TF may use the wiki infrastructure available at the UNECE website. The TF will also meet in conjunction with National Accounts meetings of the UNECE and OECD.

## VII. MEMBERSHIP

16. The following countries and international organizations have expressed interest to participate in the TF: Canada, Finland, Ireland, Israel, Italy, Netherlands, Norway, Sweden, United States, Eurostat, IMF and OECD. The TF members may decide to involve additional countries in the work e.g. countries beyond the UNECE region.

17. The TF will be chaired by the Netherlands and the secretariat will be provided by UNECE.

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