

# Comments on Papers and Presentations Session 3A: Data Collection, Revision of Questionnaires and Compilation Techniques

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# Overview

- Informative papers and presentations that address important issues for measuring global production in the context of SNA 2008 and BPM6.
- Focus primarily on the technical aspects of measuring goods for processing and merchanting, including adjustments to data sources.
- My comments will summarize the main points of each and consider the feasibility of the recommendations for the United States.

# Mexico INEGI

- Describes the integration of several microdata sources to develop statistics on Mexico's participation in global value chains and global manufacturing production.
- Data sources: economic census, annual survey of manufacturing, and foreign trade transactions.
- Results include value added associated with global manufacturing exports along with profiles of companies engaged in global production.
- Not directly designed for measuring goods for processing (GFP) or merchanting but rather for developing extended supply-use tables and TiVA statistics.

# Mexico INEGI Continued

- U.S. is also considering how best to integrate data sources to develop globalization-related measures.
- Would like to take advantage of integrated data sources to develop official GFP statistics—may be most feasible approach.
- Current focus is on data sharing projects within the U.S. statistical system to link production statistics from censuses and surveys with merchandise trade.
- Mexico may also want to consider how to use its integrated data to improve the measurement of GFP and merchandising.

# Bank of Korea

- Describes an integrated methodology for compiling statistics on GFP and merchanting following BPM6.
- Data sources: International Transactions Reporting System (ITRS) and monthly customs data
- Assumes that the combined amount of processing services and merchanting can be derived by deducting merchandise trade from the ITRS with adjustments.
- Combined total is separated using ratios from a survey of companies engaged in outward and inward processing.

# Bank of Korea Continued

- U.S. does not have an ITRS data source or any indication of outward or inward processing trade in its trade statistics.
- The survey questions used by Korea to determine features of GFP and merchanting could be a guide for the U.S.
- Given the indirect estimation, Korea may want to consider reconciling residual GFP and merchanting estimates with service fees collected directly on surveys.

# Statistics Canada

- Describes integrated modular survey questions that Canada will test with key companies to collect data for global production, GFP, and merchanting.
- First module determines if companies are engaged in global production activities. Positive respondents are directed to more targeted global production modules.
- Rather than trying to match the merchandise trade detail in its proposed surveys, Canada will test a more aggregated approach to commodity and country detail due to response burden concerns.

# Statistics Canada Continued

- Survey seems well designed and, if reporting proves feasible for respondents, will provide valuable information for Canada's globalization measures.
- The U.S. so far has had limited success with questions on surveys eliciting resident-nonresident transactions related to GFP.
- Like Canada, U.S. has an integrated program and works closely with source data suppliers. Continued cooperation between BEA and Census should prove valuable.
- Canada's survey questions related to merchanting collect broad detail by commodity and country. Not clear if Canada intends to publish along these dimensions.

# Eurostat

- Discusses practical issues in the application of SNA 2008 and BPM6 rules on recording change of ownership for resident-nonresident transactions.
- Detailed GFP compiler recommendations were presented in *Eurostat Manual on Goods Sent Abroad for Processing*. Recommendations are restated in this paper.
- New material is presented on the treatment of foreign trade transactions reported by non-residents.
  - Consists of goods crossing borders without a change in ownership but not intended for processing.
  - One important example is transit trade within a customs union such as the European Union.

# Eurostat Continued

- Recommendations on the treatment of GFP are highly relevant for the U.S.
- Those regarding the proper treatment of GFP in the national supply and use tables are particularly important and will be carefully considered.
- Nature of Transaction (NoT) codes that identify processing trade in the European Union custom data are not available in the U.S. customs data.
- Transit trade does not appear to be a significant issue for the U.S. but may need to be evaluated in the context of North American trade.

# Italy ISTAT

- Describes how Italy used information from an integrated database at the company level as part of an overall GFP methodology.
- Information was derived by linking administrative data on intra-EU services trade including outward and inward processing services with merchandise trade data.
- Merchandise trade data include NoT codes that identify GFP transactions with and without change of ownership
- Italy has developed specific procedures to
  - Reconcile inconsistent company data related to GFP transactions
  - Adjust merchandise trade data to a change of ownership basis

# Italy ISTAT Continued

- Very useful framework for combining survey and administrative data for GFP estimation. Could be used by other countries with similar data sources.
- U.S. does not have the same kind of information as EU countries, particularly the NoT codes related to GFP trade.
- EU collects data on services trade that includes non-resident processing services. So far, the U.S. experience with direct collection has been somewhat discouraging.
- Italy found that a significant share of processing services was reported by companies without GFP transactions. Could indicate survey misreporting or misclassification.

# Conclusions

- Challenges to implementation of SNA 2008 and BPM6 recommendations related to global manufacturing.
- Papers and presentations provide insights into strategies for estimating GFP and merchanting.
- Not all countries have access to the same data sources so approaches will necessarily differ.

# Conclusions—continued

U.S. will ultimately rely on matched microdata files to obtain parameters needed to adjust merchandise trade data and estimate processing services.

- Research will be conducted to identify the traded products and partner countries of firms engaged in processing trade.
- Further research will be conducted on strategies for directly collecting outward and inward processing service fees.