

4a.Measuring global production: country experiences

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Central concepts

- Goods for processing; tolling, custom work, sub-contracting, contract manufacturing, inward and outward processing etc.
- Outsourcing; total manufacturing or specific input components
- Merchanting (1): off the shelf, buy and sell "as-is" abroad
- Merchanting (2): sub-contracting to a foreign enterprise without the provision of material inputs (only IPP) and selling final output abroad without passing the domestic border (factoryless)

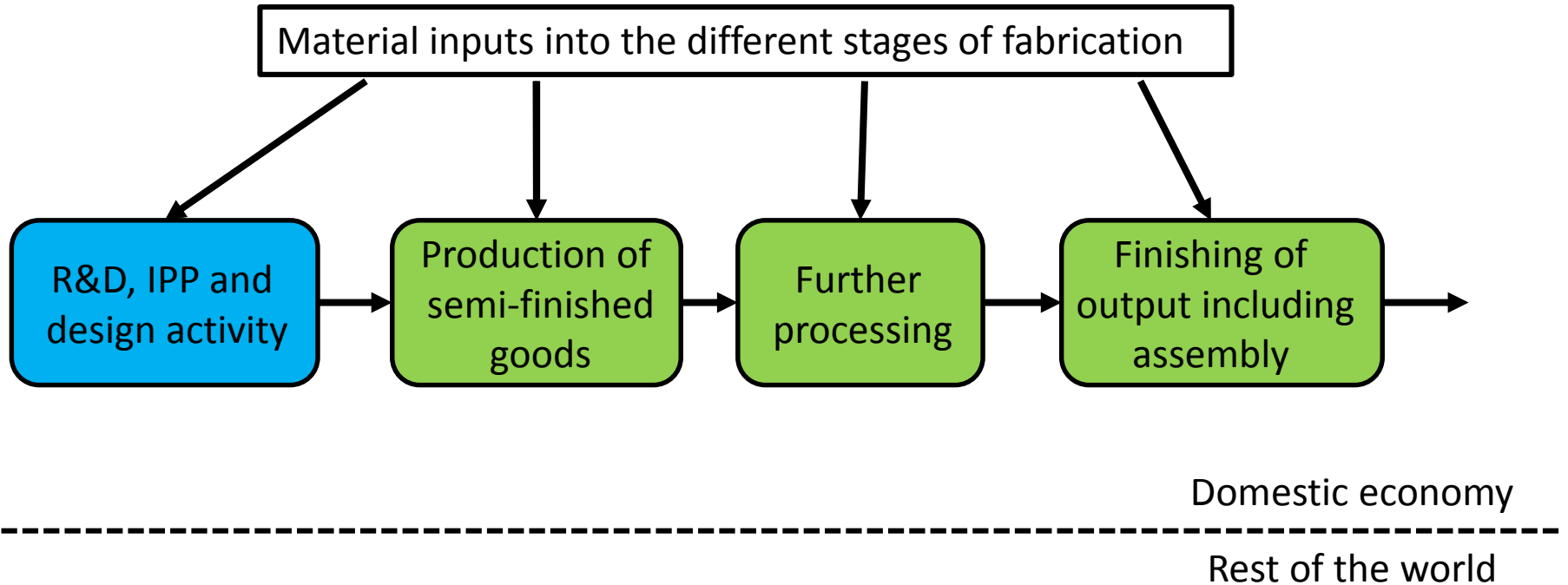
Measurement issues

- How do we identify the enterprises engaged in global value chains, by engagement in goods for processing abroad or do we need a broader filter not to miss important flows?
- Can there be confusion about the distinction between goods sent for processing (outward) and outsourcing (merchanting) when the goods under processing are sold directly to foreign customers? (In stat. Canadas question on outward processing 1/3 answered no to ownership of input)

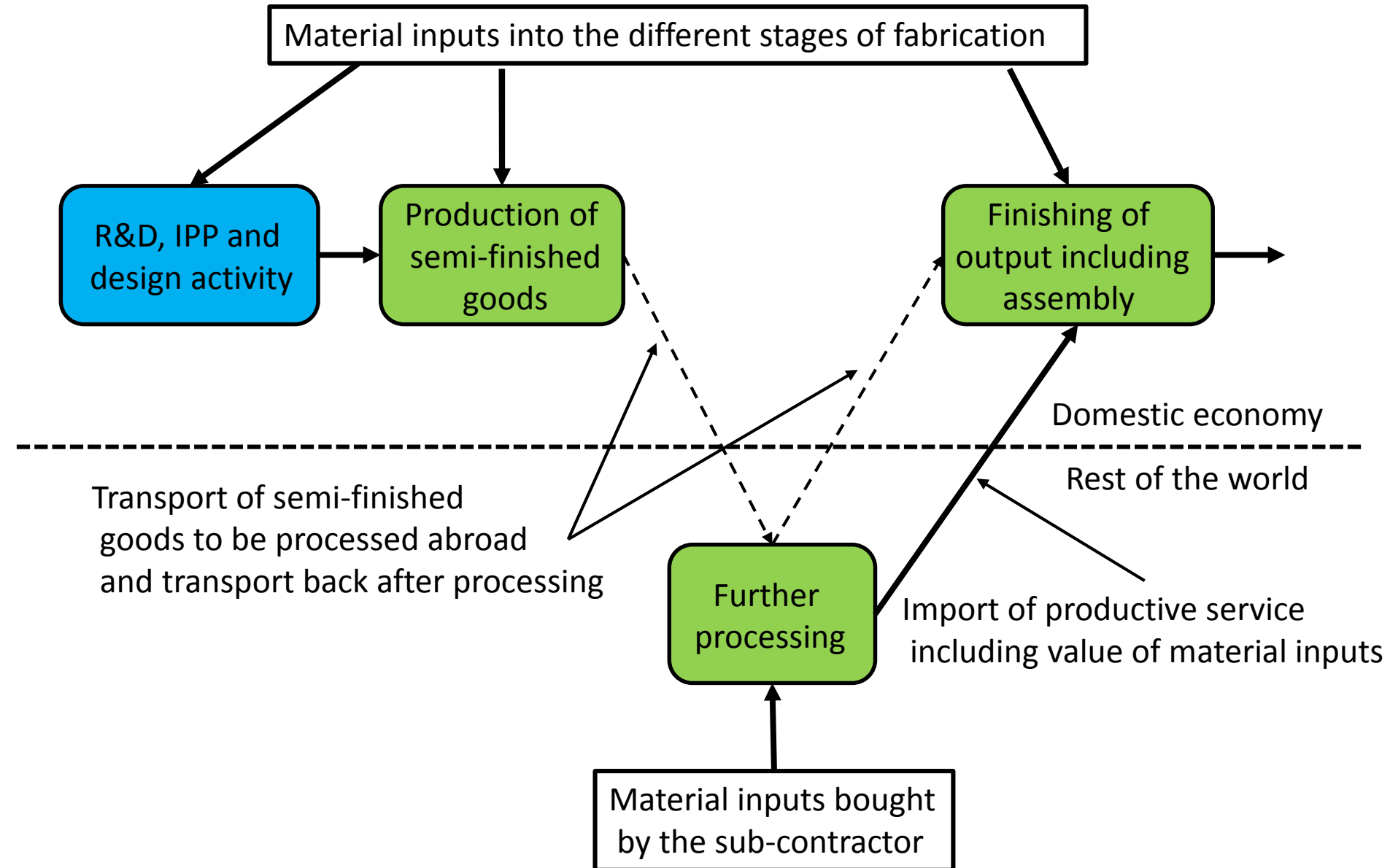
Measurement issues

- Should we be more cautious about the interpretation of the NoT codes? Can the code used for processing also include non-processed goods only to be re-exported in order to avoid the VAT administration?
- What is the pros and cons for measurement, of including (Israel, Germany) or excluding (Canada) additional inputs paid by the sub-contractor, in the value of the manufacturing service provided in goods for processing?

The process of fabrication (stylized)



Goods sent for processing (Germany, Israel)



Goods sent for processing (Canada)

