Guide to Measuring Global Production

UNECE

• Published in 2015
• In English and Russian
• Guidance on the implementation of 2008 SNA and BPM6 related to global production
• Conceptual issues
  • Typology of global production arrangements
  • Economic ownership
  • Ownership over IPPs

• Practical issues: data sources and measurement challenges
  • Processing; merchanting; FGP
  • Trade in value added,
  • Multi-territory enterprises,
  • Quasi transit trade

• Practical issues: organizational aspects
  • Large cases units

• Outstanding issues: volume estimates
Typology of global production arrangements

• Goods Related
  • Goods sent abroad for processing
  • Merchanting
  • Factoryless goods production?

• Services Related
  • Fragmenting, IPPs
  • Fragmenting, excluding IPPs
  • Subcontracting
  • Merchanting of services?

• Not directly related to production of goods/services
  • Direct investment enterprises, head offices, holdings

• Simplified versions that help:
  • Determine economic ownership of inputs and output
  • Assign economic activities
  • Distinguish output type
  • Treatment of international transactions

• Can be more complex in real life

• Identification challenges

• Test the usefulness and exhaustiveness
Economic ownership

- Ownership within MNE
  - Review guidance in international statistical standards and business accounting practices
  - Ownership within MNE structures, of outputs and assets
  - Intra-group transactions
  - SPEs; large foreign construction projects

- Ownership of IPPs
  - Identifying the economic owners (decision tree)
  - Recording production, use and economic ownership
  - Statistical observation: information can be limited
  - SPEs holding IPPs
Data sources and measurement challenges

- Goods for processing: outward/inward
  - Adjustments in IMTS – bridging to NA and BOP concepts
  - Imports of materials purchased abroad for processing and export of processed goods sold abroad (outward)
  - Purchases of materials domestically as exports and sales of processed goods domestically as imports (inward)
  - Import/export of processing services
  - (Changes in) inventories held abroad

- Merchanting
  - Trade service of the merchant
  - Imports (or negative exports) and exports under merchanting
  - Changes in inventories held abroad
Data sources and measurement challenges

- Analyze merchandise trade statistics – data items not currently used, cooperation with customs agencies
- Business surveys – most promising, but need of adjustments, revision of questionnaires, response burden
- International trade in services surveys
- Data validation must be part of the estimation procedure
  - bringing together, and reconciling, the results from different data sources
  - based on business register/common identification codes/“Importer-exporter” register
  - custom-made analysis
Other practical guidance

- Multi-territory enterprises: breaking down of activities on a country-by-country basis (particularly in relation to recording imports and exports on basis ownership transfer)
- Quasi-transit trade
  - Sources and methods for identification and the correct valuation of goods subject to quasi-transit trade
  - Methods for obtaining consistency between imports and re-exports.
- Trade in value added: reconcile trade statistics with SUT; data requirements; additional granularity and aggregations based on firm characteristics
Organizational aspects

- Increased data requirements, response burden -> need of efficient use of resources

- Closer cooperation between national producers of statistics:
  - necessity to review existing data sources; if needed introduce surveys
  - distribution of responsibilities, data collection and reporting
    ➢ Large and Complex Enterprises Units

- International cooperation:
  - further research of the conceptual issues
  - exchange of experience and best practices
  - international data exchange and global business register
This session will focus on:
- Challenges of the region in measuring global production
- Institutional cooperation
- Typology and detection of the units involved in global production
- Data and measurement issues (processing and merchanting)

Further steps:
- Task Force on SNA research agenda – concept notes
- What more can be done to facilitate practical implementation of the guide?
- Do we need to complement the guide to reflect new experience and best practice emerged in the process of implementation, ....or issues that were not covered? ..or unmet users demand?
Thank you!