

# Supporting an understanding of the effects of global production

”Explain and explore” – the Danish experience

Group of Experts on National Accounts,  
Globalisation, 25 April 2023

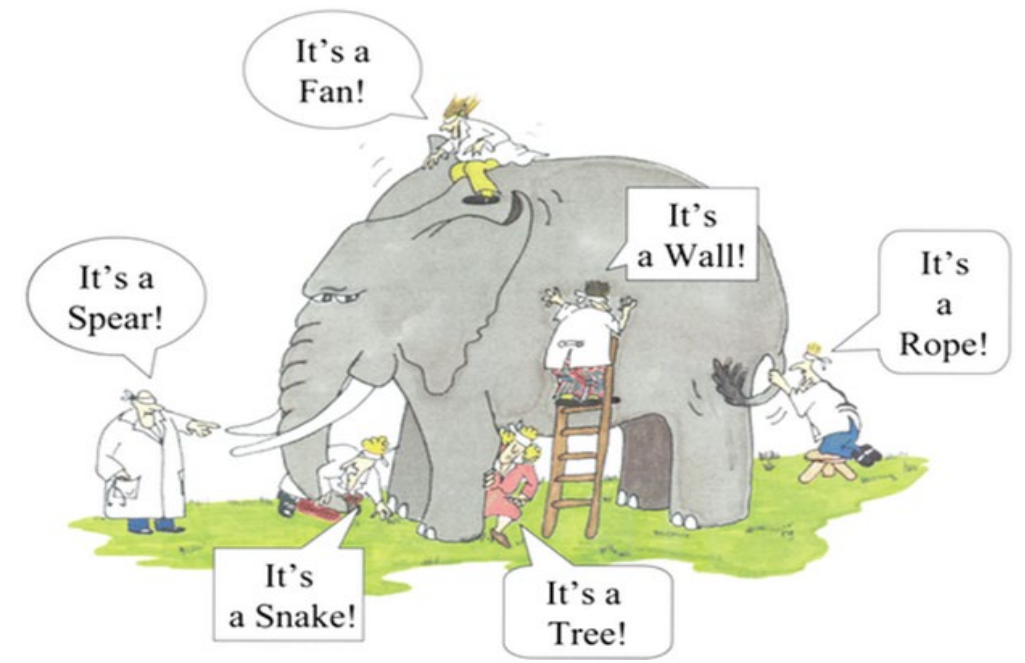
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# Background: Our mission is challenged

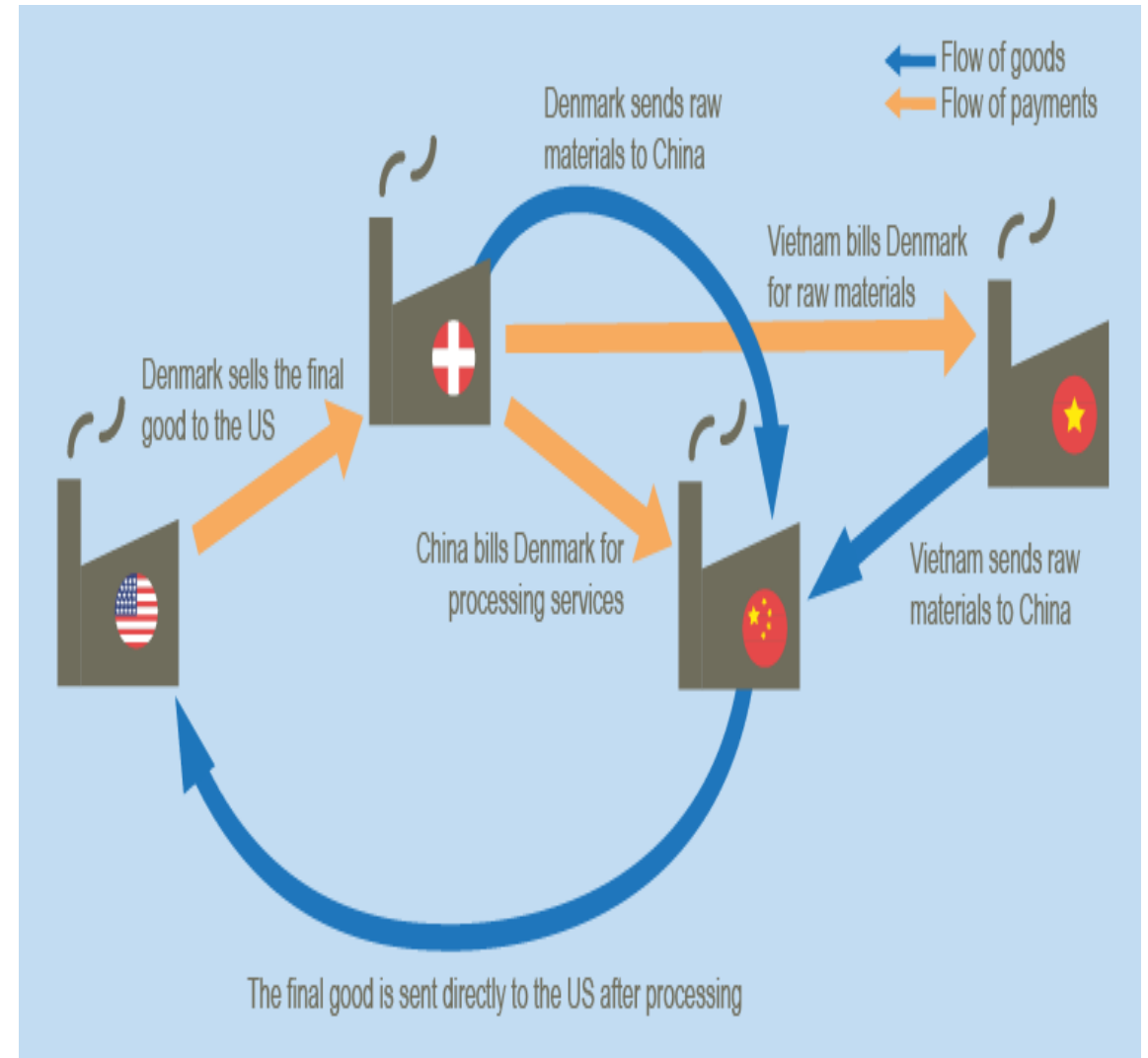
- We provide statistical knowledge to support decisions, debate, and research on Danish society - the mission has been challenged by increased globalisation!
- To fulfill our role in society and stay relevant it is crucial that our users understand our statistics and can get the answers they are looking for
  - We must support an understanding of changes in global production arrangements





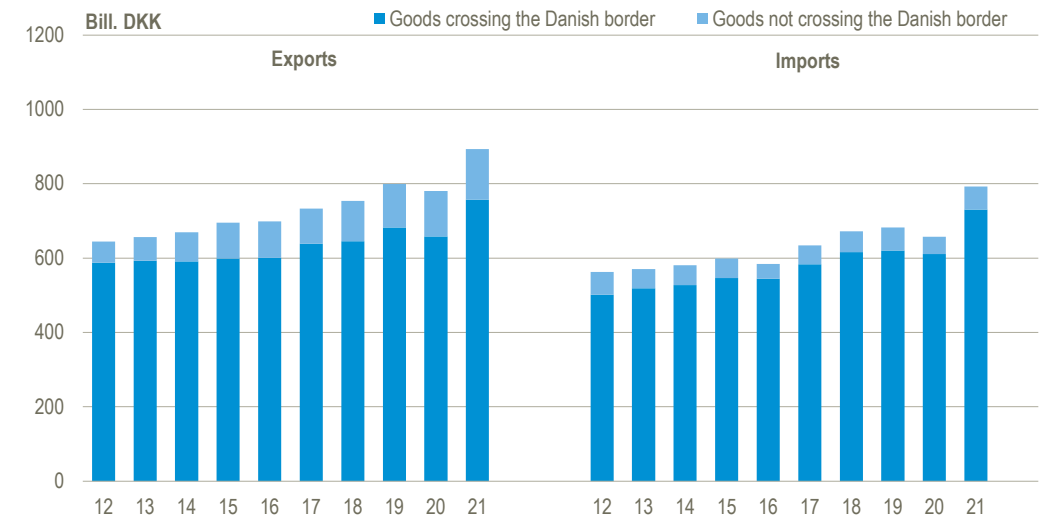
# Background: Our mission is challenged

- Globalisation challenges the traditional use of statistics and raises new questions
- We need to re-think dissemination
  - from providing data to providing knowledge
  - to better explain the effects of globalisation and we need to explore to provide new knowledge



# Impact of global production in DK

- Major impact of globalisation and the international organisation of the production on a small open economy as the Danish
- The impact of production abroad by Danish manufacturing companies is significant
- A significant part of Danish exports do not cross the Danish border



# What have we done in Denmark (so far)?

- We have been putting existing figures together in a new way to better explain the impact of globalisation and we have been exploring and gaining new insights. Some examples...
- Explain / better understanding of existing data
  1. Integrated dissemination of balance of payments and international trade in goods statistics

Explore / new knowledge or insight

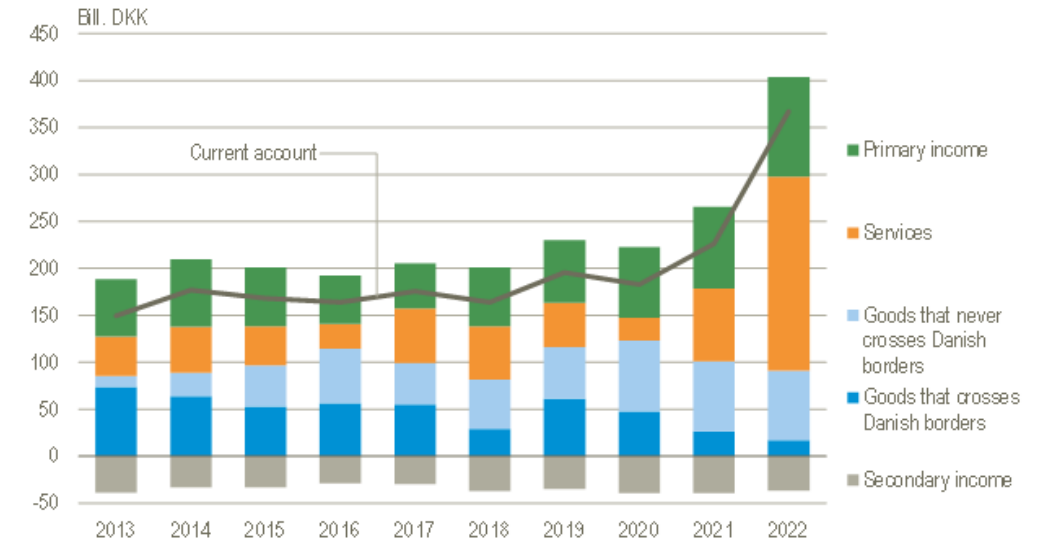
2. Exploring the nexus between trade and income (direct and indirect sales)



# 1 Integrated dissemination

- We have fully integrated the monthly dissemination of balance of payments, international trade in goods and services statistics
- We use the BoP ownership principle as the goods trade concept
- Trade in goods divided into goods that crosses the Danish border and goods that do not cross the Danish border
- The adjustment from ITGS to BoP was previously done on the macro level but are now done on the micro level

Current account surplus by main item



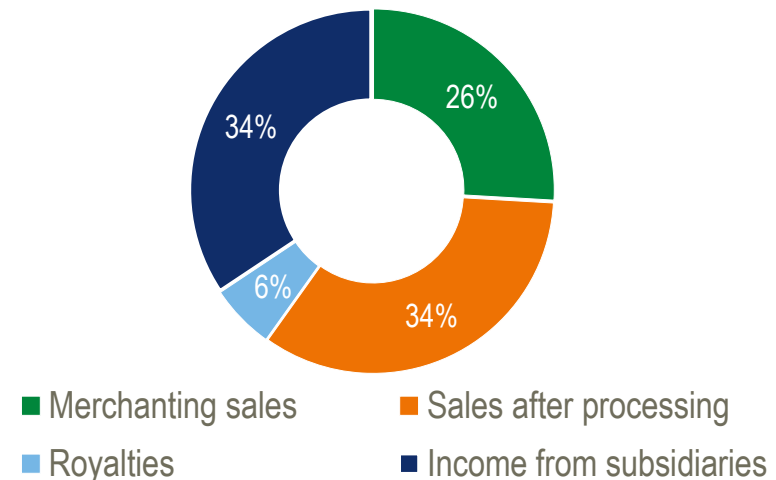
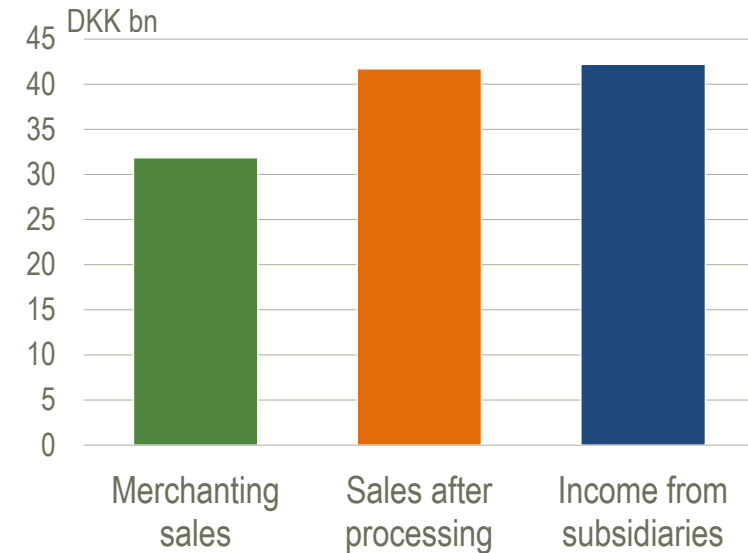
Adjustment from ITGS to BoP, 2022

	Exports			Imports		
	ITGS	BoP	Adjustment	ITGS	BoP	Adjustment
	Bill. DKK					
<b>Goods that crosses Danish borders</b>	<b>922,1</b>	<b>870,8</b>	<b>-51,3</b>	<b>898,3</b>	<b>853,8</b>	<b>-44,5</b>
Live animals, Food, Beverages And Tobacco	154,5	153,9	-0,5	116,2	114,5	-1,8
Crude Materials, Inedible, Except Fuels	30,3	29,8	-0,5	26,0	23,8	-2,2
Mineral Fuels, Lubricants And Related Materials	68,5	72,1	3,7	101,5	96,7	-4,8
Chemicals And Related Products	225,8	194,6	-31,2	116,3	106,7	-9,6
Manufactured Goods Classified Chiefly By Material	80,6	76,8	-3,7	126,9	118,1	-8,9
Machinery (excl. Transport Equipment)	178,8	172,0	-6,8	187,3	180,5	-6,8
Transport Equipment (excl. Vessels, aircraft etc.)	28,9	28,4	-0,6	68,5	66,4	-2,1
Vessels, aircraft etc.	10,0	9,8	-0,2	9,4	9,3	-0,1
Miscellaneous Manufactured Articles	144,8	133,4	-11,4	146,1	135,8	-10,3

## 2 Trade and income nexus

- We see that the way that MNEs choose to organise their production and sales globally determines whether the activity is recorded as traditional exports crossing the border, exports not crossing the border, or income from subsidiaries
- Close link between production and income - income from subsidiaries might to some extent have been recorded as exports (if the organisation was different)
- Net exports from Danish industrial groups' could potentially be significantly higher (or lower)

Danish industrial groups' earnings from production abroad



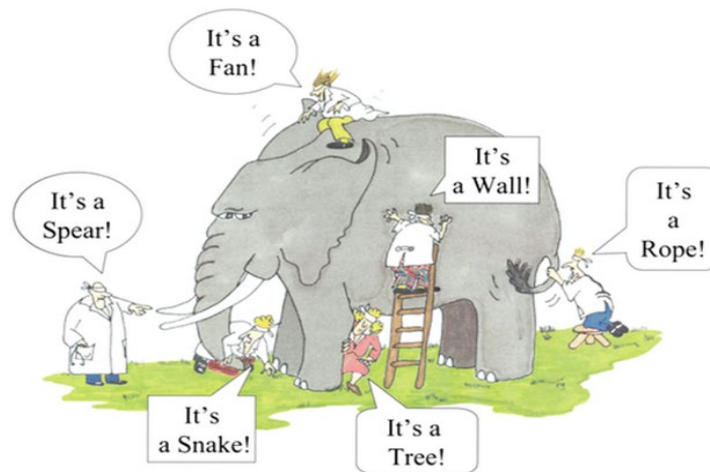
# Future work

- We plan to further explore; e.g. investment income as a distribution channel
  - The "Income setup" is a blind spot when it comes to trade and trade partners. From international services trade we know "mode 3", supply via commercial presence. Similar approach to international goods trade.
- Balance of payments by enterprise characteristics (also in BPM7) – new (cheap) knowledge from linking data





# What do you think?



Link to some of our analysis (in English): <https://www.dst.dk/en/Statistik/Analyser>