



# United Nations Expert Group on International Trade and Economic Globalization Statistics

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9-11 May 2018  
Panama City, Panama



- Mandate received from the Statistical Commission in March 2015 to prepare a Handbook on the measurement framework for international trade and economic globalization statistics

**Europe:** Ireland (Chair), Denmark, Italy, the Netherlands, United Kingdom

**America:** Canada, Colombia, Costa Rica, Mexico, USA

**Africa:** Cabo Verde, Morocco, South Africa, Uganda

**Asia:** China, India, Iran, Kazakhstan, Republic of Korea, Thailand, Viet Nam

**Organizations:** Eurostat, IMF, OECD, UNCTAD, WTO, ECE, UNSD



**Editor** – Steve Landefeld, former Director of US BEA

**Additional Experts –**

- Dale Jorgenson (KLEMS), Gary Gereffi (GVCs), Tim Sturgeon (GVCs), Stacey Frederick (GVCs), World Bank (GVCs)

**Meetings –**

- January 2016, New York
- November 2016, New York
- 6-8 June 2017, Luxembourg
- 7-9 May, 2018, Rome



- High-level overview of how economic statistics can be made more accurate and relevant in **measuring the effects of globalization in national accounts and business statistics**
- Better inform public policies and business decisions on
  - growth and productivity,
  - domestic and foreign share of value added in trade,
  - domestic and foreign labor and capital used in the trade
- **Provide a national perspective on globalization based on a GVC model**
- Specific GVC industries in a multi-country supply chain of goods, value adding services and institutional arrangements



## *“Accounting for Global Value Chains (GVCs): extended national accounts and integrated business statistics”*

- It develops a satellite account for GVCs to describe more in depth specific aspects of GVCs that are otherwise hidden in the conventional accounts
- It provides a national perspective on globalization while building a multi-country satellite account for a specific global value chain.
- It builds on the integrated collection of business statistics from large global enterprises (across countries) for a selected set of GVC-related economic activities, including trade in intermediate goods and services and foreign direct investments.



Part I - Introduction

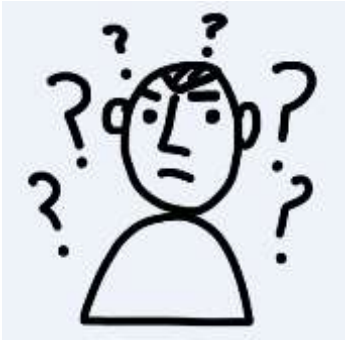
Part II - Conceptual Framework of GVC Accounting

Part III - Framework for integrated business statistics

Part IV - GVC Analysis and Policy Framework

Part V – Annexes

It builds on the work on TiVA, KLEMS, FIGARO etc.



*NSOs already produce a wealth of information on the activities of economic actors participating in GVCs - international trade, economic performance, foreign investment, and employment*

## **So why do we need better statistics?**

- Existing information not often presented in a way that permits understanding of the role and impact of GVCs on a given economy or within global economy
- Existing macroeconomic accounting frameworks describe the relationships between one industry and another within a given economic territory, but are **not able to illustrate the international linkages**
- Standard macroeconomic account tools are organized around *products, industries and sectors*, while the more applicable organizing framework to explain a GVC are **business processes and activities**
- National statistical compilers **only see parts of firms' global activities** <sup>7</sup>



## Using firm-level data on specific industries and final products of an MNE is likely to produce more accurate data on specific industries and MNEs

- Focus on a specific product or group of products within a GVC
- Can complement and benchmark macro-based GVC extensions
- Countries choose to focus on particular GVCs and partners
- Based on existing firm-specific micro data, publicly available micro data, existing input-output coefficients, and existing, or newly collected, information on governance and business functions.
- Developed within, and can be linked to, the SNA accounts
- Would not overburden or reduce the accuracy or consistency of core accounts
- Would allow for adding flexibility and highlighting flows and interactions that may not be visible with a more structured and aggregated set of extended SUTs





- **GVC-specific Supply and Use Tables** in standardized presentations of products and industry classifications.
- The coordination and governance of GVCs can be described using the **institutional sector accounts of the SNA**.
- Extended Institutional sector accounts provide an economic overview of **the distribution of value added and related income across the different countries** through transactions in goods, services, income, assets, and liabilities with breakdown by affiliate/non-affiliate firms



# GVC framework of integrated business statistics

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- Global enterprise profiles and business registers should identify **cross-border control and ownership** established by the lead firms in their firm networks
- Micro Data Linking, data exchange and data linking
- Impact on firm level statistics and indicators on employment, income, productivity and international trade **within the GVCs** as compared to firms **not participating in the GVCs**
- Will allow for tailored collaboration between partner countries in analyzing **bi-lateral asymmetries**
- Development of **global enterprise registers** and establishing **early warning systems** for large statistical impact events



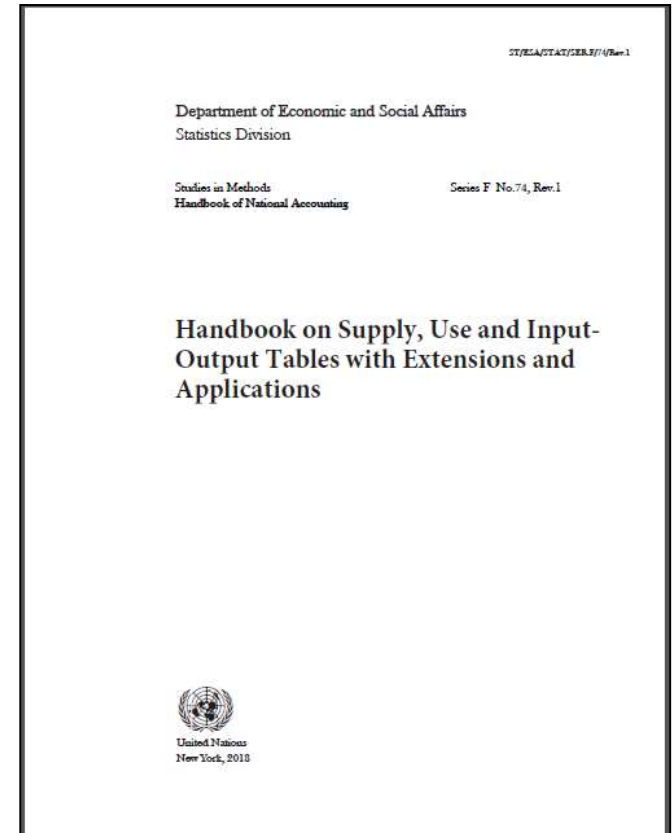
# Analytical and Policy Framework of GVCs

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- The flows of goods, services, people, ideas, and capital are **interdependent and must be assessed jointly**
- **Gross bilateral trade balances hide significant import content**, including foreign and domestic value added
- **Protectionist measures can** (i): lower the competitiveness of domestic lead firms that rely on imported inputs; (ii) tax domestic value-added that is embodied in imports; and (iii) lead to higher consumer prices if lead firms pass-through costs
- **Economic development** can occur through economic upgrading and densification
- New policy framework depends critically on statistics classified into **business functions rather than aggregated industrial sectors**.



- Preparation started in 2013
- An Editorial Board was set up for the preparation of the Handbook
- Editor to coordinate the preparation
- Finalized in 2018





- It provides practical guidance on the compilation of SUTs and IOTs in line with the 2008 SNA
  - Compiling the use table, supply table, valuation matrices
  - Balancing
  - Transformation into IOTs
- It provide examples of Extensions and Applications, such as
  - Multi-country SUTs and IOTs
  - Modelling Applications of Input-Output Tables
  - Projecting supply, use and input-output tables



Thank you!