



Friends of the Chair group on International Trade and Economic Globalization

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Statistical Commission

Forty-fourth session

26 February-1 March 2013

Item 3 (f) of the provisional agenda*

Items for discussion and decision: international trade statistics

International trade statistics

Report of the Secretary-General





4. On 19 September 2012 in Beijing, the Organization for Economic Cooperation and Development (OECD), the World Trade Organization and UNCTAD, together with the Ministry of Commerce of China, organized a high-level meeting on global value chains and their policy implications for trade, investment, statistics and developing countries. At the meeting, the Secretary-General of OECD, Angel Gurría, noted that the growing process of international fragmentation challenges our conventional wisdom on how we look at and interpret foreign trade and investment.





- I. Introduction
 - a) Global Forum on Trade Statistics, Feb 2011
 - b) US-China Economics Review Committee, June 2012
 - c) WTO/OECD/UNCTAD in China, Sep 2012
- II. Policy Questions
- III. Trade information system in 2020
- IV. International merchandise trade statistics
- V. Statistics of international trade in services
 - a) Manufacturing services
 - b) Foreign affiliates statistics
 - c) Outsourcing business functions
- VI. Classifications
- VII. Linking trade and business statistics

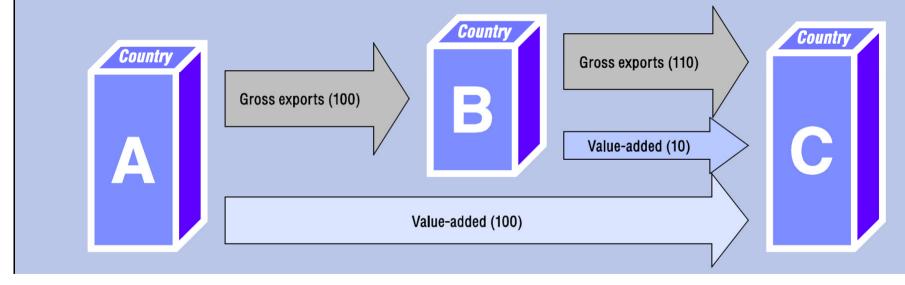




VIII Trade in Value Added

Box 1. Measuring trade in value added

The Trade in Value Added initiative factors out the double counting implicit in current gross flows of trade and instead measures the flows of value that is added (labour compensation, taxes and profits) by a country in the production of any good or service that is exported.





Trade patterns and global value chains in East Asia:

From trade in goods to trade in tasks











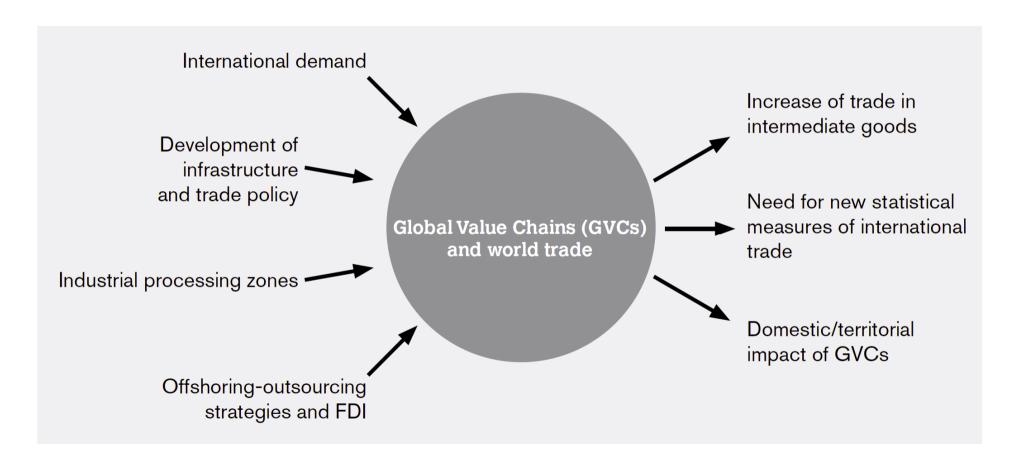
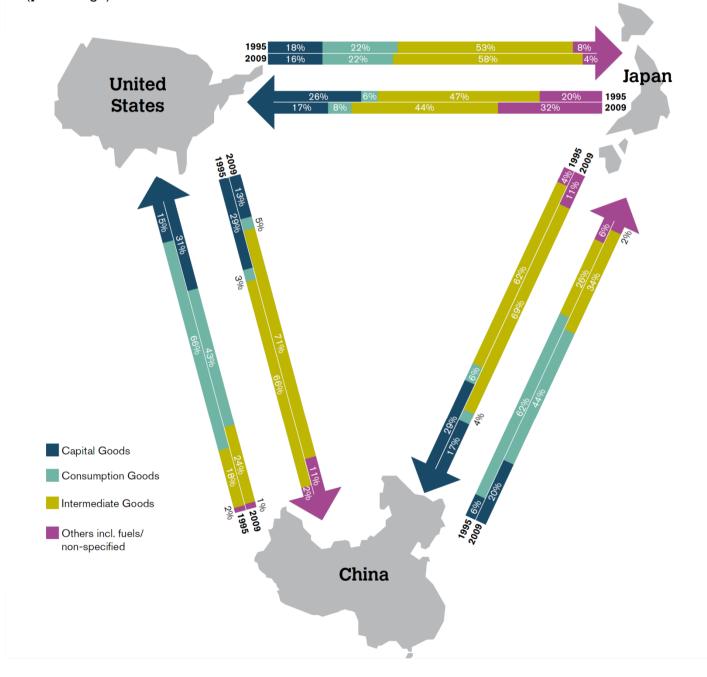


Figure 11

Bilateral trade flows between China, the United States and Japan, 1995 versus 2009, by type of good (percentage)









58. The Commission is invited to express its views on:

- (a) The need for an overarching measurement framework for international trade and economic globalization which would cover economic interdependencies of nations related to international trade, foreign investments, multinational enterprises and the outsourcing of business functions and could also cover economic interdependencies arising from financial, environmental and social cross-border relations;
- (b) The need for an appropriate mechanism for coordination of the work on international trade and economic globalization;
- (c) The creation of a "friends of the chair" group, consisting of Member States and international organizations, to be tasked with preparing a concept paper on the scope and content of the framework, and the appropriate mechanism for coordination of the work in this area.





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FRIENDS OF THE CHAIR GROUP ON INTERNATIONAL TRADE AND ECONOMIC GLOBALIZATION



FRIENDS OF THE CHAIR GROUP ON INTERNATIONAL TRADE AND ECONOMIC GLOBALIZATION

UNITED NATIONS STATISTICAL COMMISSION

EXPERT MEETING ♠ NEW YORK, USA ★ 6-8 NOVEMBER 2013

INTRODUCTION

At the most recent session of the Statistical Commission in 2013, the United Nations Statistics Division presented an overview report *International Trade Statistics* (Report of the Secretary-General, E/CN.3/2013/7) of the work undertaken in the field of international trade statistics on topics such as integrated economic statistics, linking trade and business statistics, trade and global production, trade in value added, statistics of multinational enterprises and foreign direct investment. The report described the policy questions regarding international trade in a world in which production

DOCUMENTS

■ DECISION 44/106

SECRETARY-GENERAL





FOC member countries and agencies:

Moderator: Statistics Canada

Europe: Denmark, Ireland, Netherlands, Italy

America: Colombia, Mexico, Costa Rica, USA

Africa: Morocco, Cape Verde, South Africa, Uganda

Asia: China, India, Korea, Vietnam, Thailand, Iran

Agencies: Eurostat, IMF, OECD, UNCTAD, WTO, UNSD





UN Statistical Commission – Established Friends of the Chair group

Mandate: Prepare a concept paper

- a) on the scope and content of the measurement of international trade and economic globalization
- b) on an appropriate mechanism for coordination





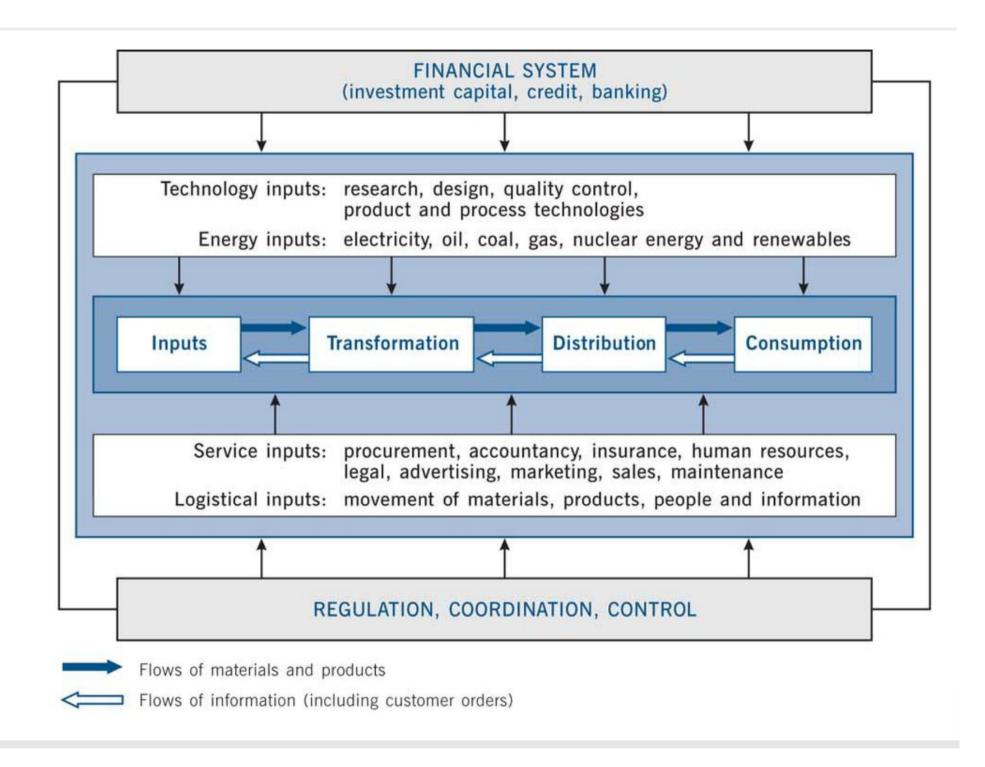
- A. Introduction
- B. Conceptual framework
- C. Schematic framework
- D. Work programme
- E. Coordination





A. Introduction

- Global value chain analysis
- Trade policy and analysis
- Guide on measuring global production







Global Value Chain analysis

- What does each country along a global value chain contribute to the value of a final product?
- How much employment is created through this value addition?
- How can niche Services be marketed as part of value chain?

Costa Rica's Position in the Medical Devices GVC

Chemicals

Textiles

Research & Components Assembly / Distribution & Post-Sales Product Manufacturing Production Marketing Services Development Software Wholesale Prototype Assembly Development distributors Training Electronics Regulatory **Packaging** Doctors & Nurses development Approval Consulting Precision metal Process Hospitals Sterilization works Development (Public/Private) Maintenance, Repair Sustaining Plastics extrusion Individual Patients & molding Engineering Weaving/Knittin g Textiles **Number of Firms** Main Segments: Exports **Input Suppliers** Capital Equip. **Therapeutics** 0 - 5 Metals Resin US\$32.5 million US\$301 million 6 - 10

Disposables

US\$575.5 million

Instruments

US\$270.5 million

11 - 15

16 - 20



Packaging

Sterilization





B. Conceptual framework

- all basic and macroeconomic statistics, which are primarily intended to inform about cross border transactions in goods, services and investment;
- integrated trade and business statistics including their economic-financial as well as their social and environmental dimensions;
- integration made possible by, and derives its coherence from, the macro-economic frameworks





Cross-Border Vulnerabilities

Economic

Trade, Investment, Global production, Global Value Chains

Environmental \longrightarrow Water, CO₂, Waste, **Energy, Climate Change**

Social Labor, Knowledge, Migration

Peace and security





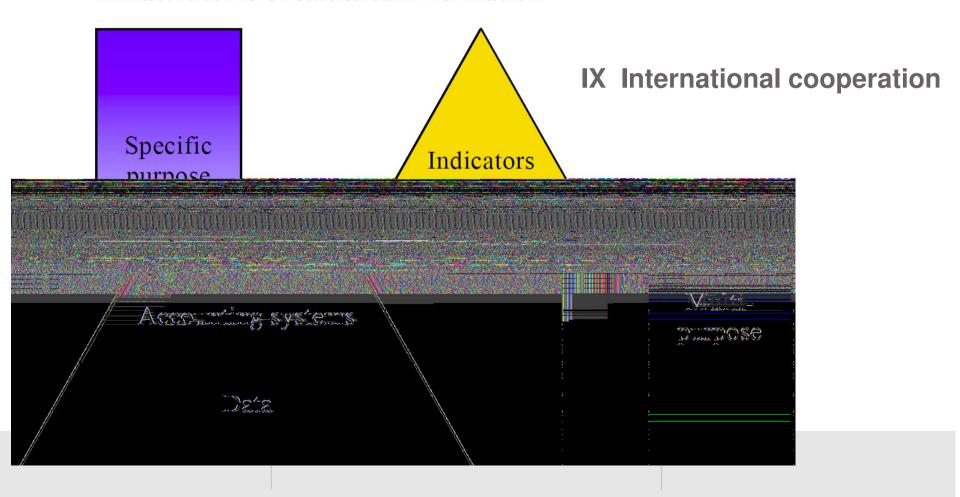
Information Base

- <u>Basic statistics</u> on international trade, investment, commercial presence, outsourcing of business functions, transfer of intellectual property products
- Accounting framework of the System of National Accounts
- <u>Indicators</u> related to internationalization and economic globalization





Infrastructure of statistical information







C. Schematic framework

- brings structure into the conceptual, measurement and data quality <u>issues</u> of international trade and economic globalization;
- identifies extensions that go beyond the scope of the existing core accounts either into more depth (from macro-statistics to micro statistics) or breath (into internationalization and globalization studies)





☐ the measurement challenges associated with global production, adding statistics on R&D, IPPs, outward FATS and SPEs, linking HS and BEC for intermediate consumption of goods, \square new taxonomy for business functions, ☐ the need to better distinguish basic goods prices, goods prices including services, and goods prices including IPPs and mark-up.





☐ identifying GVCs outside MNE networks, developing appropriate stratifications among firms and industries by country, such as export intensity, enterprise size-class, foreign ownership or processing activities, conceptual development of cross border consolidation by nationality for large multinational operating enterprises, ☐ a fully consistent trade matrix at the international level (country-led exercise)





- ☐ the measurement challenges associated with global production,
 - Goods for processing abroad
 - Manufacturing services on input owned by others
 - Factoryless manufacturer
 - Outsourcing of core Business Functions
 - → Conceptual and Compilation issues to be solved





D. Work programme

Prioritize work on the various measurement issues

E. Coordination

 Choose a mechanism which best facilitates 'assigning' work-packages to existing working groups