

Economic Globalisation Indicators ESSNet GVC

Copenhagen Conference 26/27 November 2013



**Statistics
Netherlands**

Outline

- Assignment & set-up of WP₁ (ESSNet GVC)
- General approach
 - Policy needs and statistical answers
 - Framework used
 - Statistical innovations
- Results of WP₁
 - Main Indicators
 - Supplemental Indicators
 - Experimental Indicators
- The road ahead

WP1 Economic Globalisation Indicators

- Objective: development economic globalisation indicators (EGI)
 - *Main indicators*: available within ESS (mandatory) at country level (Regulations)
 - *Supplemental indicators*: available within ESS and CTY, more detail, more variables (Existing sources)
 - *Experimental indicators*: to be constructed using micro data linking (MDL); variables and breakdowns go beyond the domains of main and supplemental indicators

The selection process (scoping)

1. What is economic globalisation?
 - What statistical unit(s) to address?
 - Which characteristics relate to international connectedness?
2. What do we want to know on economic globalisation, and why?
 - EC 2002: "...to assess macroeconomic developments such as [...] growth..."
 - EC 2010: "...indicators [...] of smart, green and inclusive economy"
3. What's missing?

Global policies & local outcomes

“[...] both sets of indicators do not provide information on the domestic structure and impact of globalized economies by virtue of trade and investments.”

1. Others do?
2. If so, how to use in it ESS?

Globalisation indicators

- Starting point: coherent and consistent information on the many faces of internationalisation and globalisation.
- Active work on indicators (amongst others):
 - World bank > *331 indicators, 214 countries, 18 topics*
 - World Competiveness Index & Enabling Trade Index
 - KOF index > *3 domains*
 - Maastricht Globalisation Index > *7 domains*
 - CSGR index
 - AT Kearny/Foreign Policy Index
 - OECD Globalisation Indicators > *1 domain*



General picture of indicator sets

- Highly aggregated data
- Mostly macro-economic point of view
- Some sets applicable on related domains (economic, social, political, etc.)
- Different methodological/statistical approaches (from simple aggregates to composite indicators)

What did we learn from this?

Economic globalisation indicators

- World Economic Forum: trade openness
 - IMF: trade & investments (% world GDP)
 - OECD: activities of MNE's in terms of trade, investments, ownership and dissemination of technology (R&D)
1. It's about the 'international behavior' of enterprises
 2. It's about the structure of economic globalisation

We take this a step further > *impact of globalisation*



The EGI framework

Structure Indicators

International Trade of Goods & Services

International Investments

Global Value Chains & International Organisation

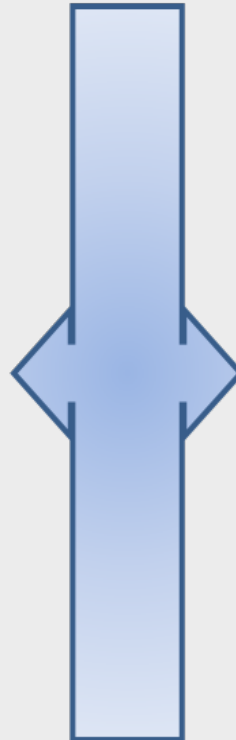
R&D and Technology

Impact Indicators

Employment (number of persons employed)

Business Dynamics & Demography

Economic Growth



19 Main indicators

Structure Indicators

International Trade

- Share import in GDP
- Share export in GDP
- Share import EU27
- Share export EU27

International Investments

- Share inward FDI stocks in GDP
- Share outward FDI stocks in GDP
- Share inward FDI stocks in EU27
- Share outward FDI stocks in EU27
- FDI intensity – market integration

GVC/Int. Organisation

- Share employment by IFATS
- Share employment by OFATS

R&D and Technology

- Cross-border Innovation cooperation
- R&D expenditures by IFATS

Impact Indicators

Employment

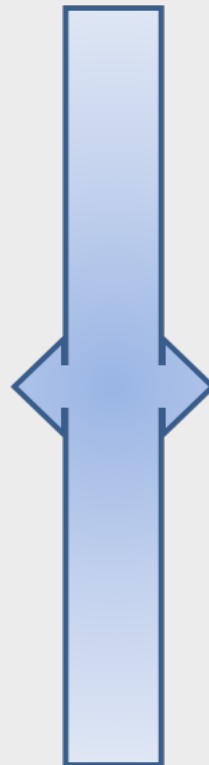
- Employment development by IFATS
- Employment development by OFATS

Business Dynamics

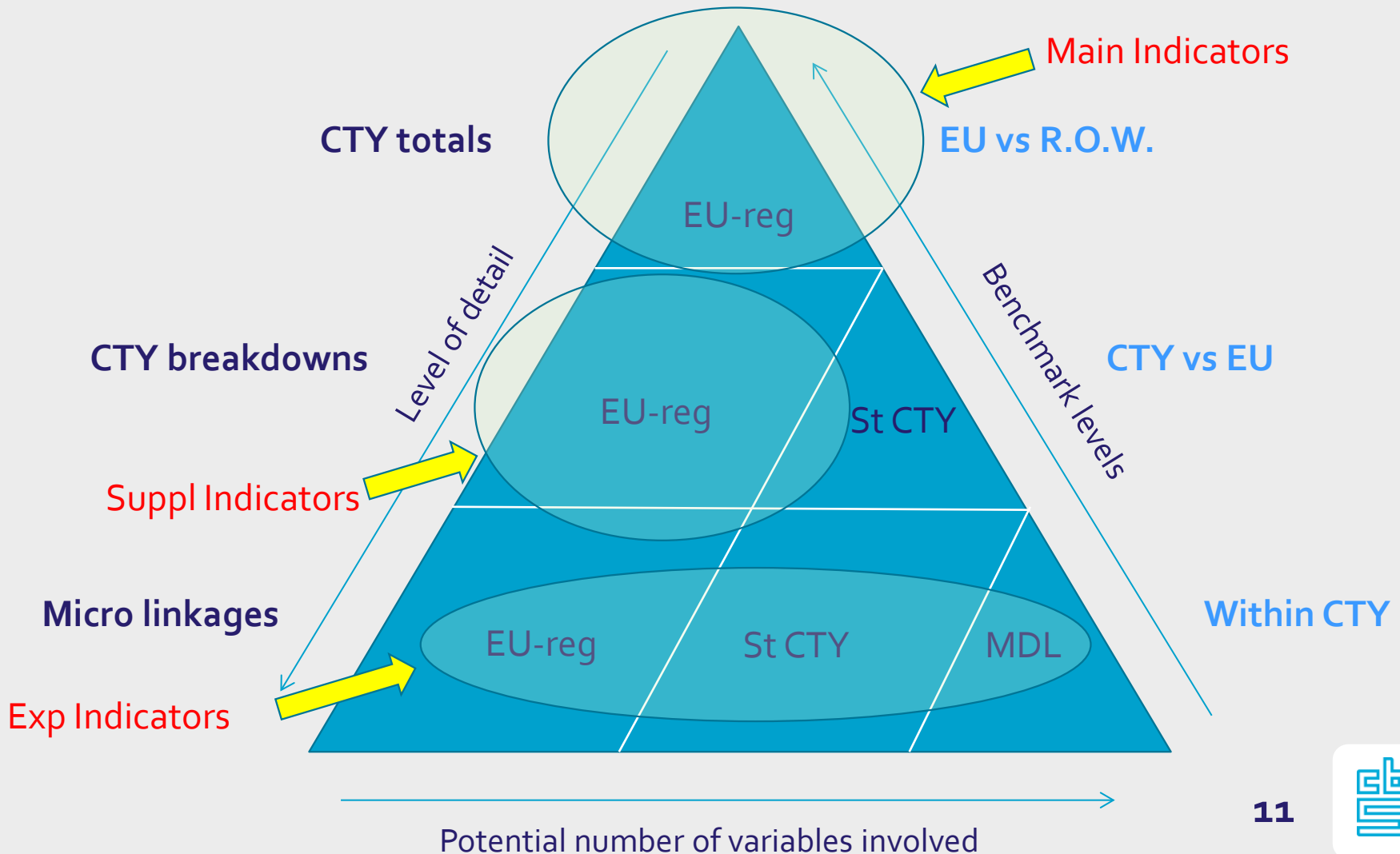
- Survival rate T-5
- Birth rate
- Death rate

Economic Growth

- Value added development by IFATS



Relation between indicators



Indicators and the ESS

- Main indicators:
 - directly available from Eurostat database
 - some indicators also available extra-EU
- Supplemental indicators (two flavors):
 - vertical expansion of main indicators using breakdowns
 - horizontal expansion using data in some compiling countries
- Experimental indicators: using micro data within Member States, not available in Eurostat database

Reports of WP1

- D1.1: Globalisation indicators within the ESS
- D1.2: Fact sheets on main indicators
- D1.3: Fact sheets on supplemental indicators
- D1.4: Experimental indicators using MDL
- D1.5: Joint report

> *Statistics Explained Article on main findings*

Factsheets in reports D1.2 and D1.3

- Name, type and number of indicator
- Legal source of the variable (s)
- Periodicity of the indicator
- Reference period
- Definition of the indicator
- Calculation method(s) used
- Name of the table(s) published by Eurostat
- Policy relevance
- Formal characteristics (data values, the unit of measurement and data coverage)
- Suggested breakdowns

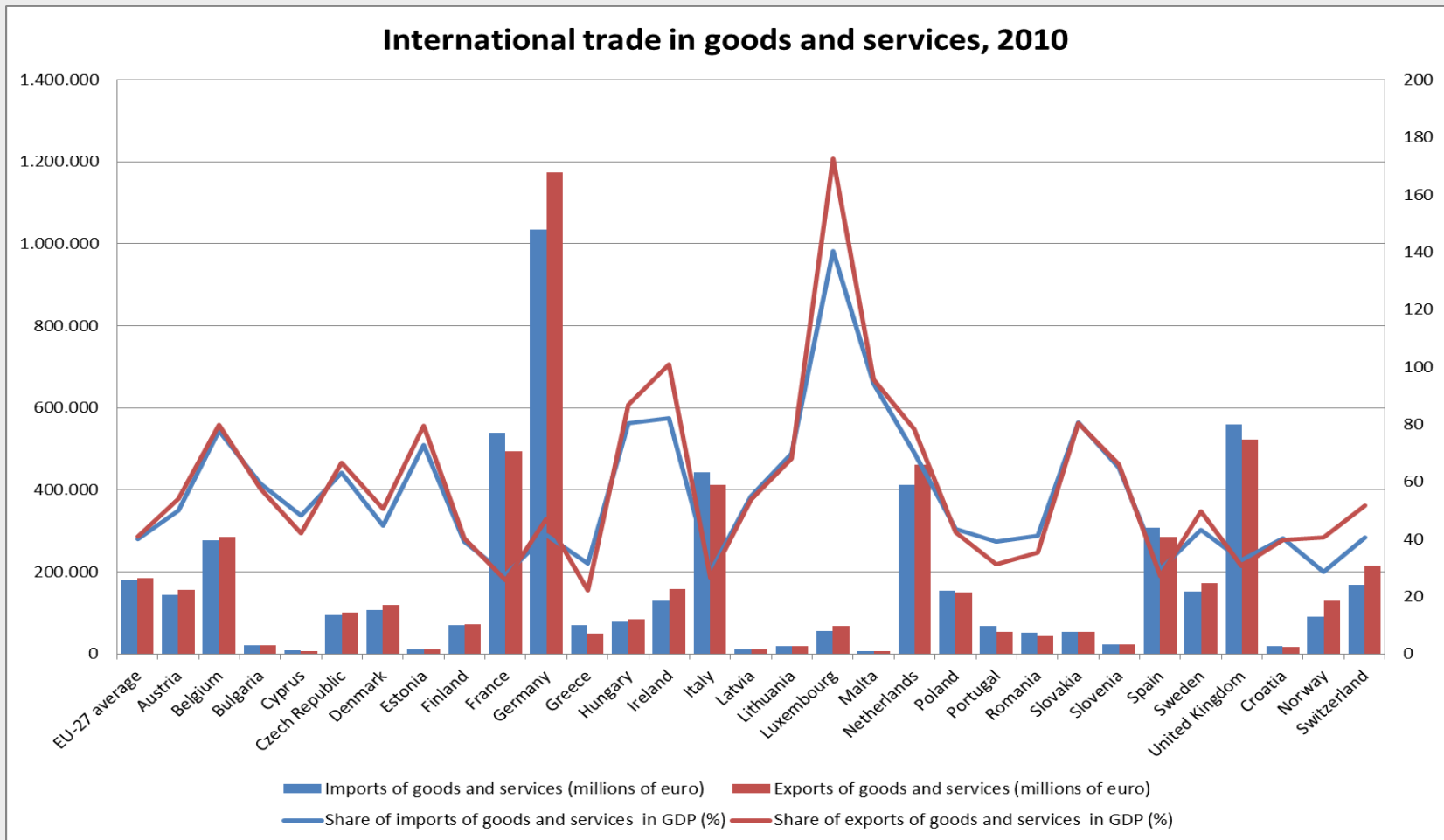
Main statistical findings

1. Globalisation of trade (EU28 * year)
2. Globalisation of trade (CTY * 2010)
3. Geographical distribution exports (CTY*2012)
4. Inward and outward FDI (EU28 * year)
5. Inward and outward FDI (CTY * 2011)
6. Globalisation of employment (EU28 * year)
7. Globalisation of employment in manufacturing (CTY * year)

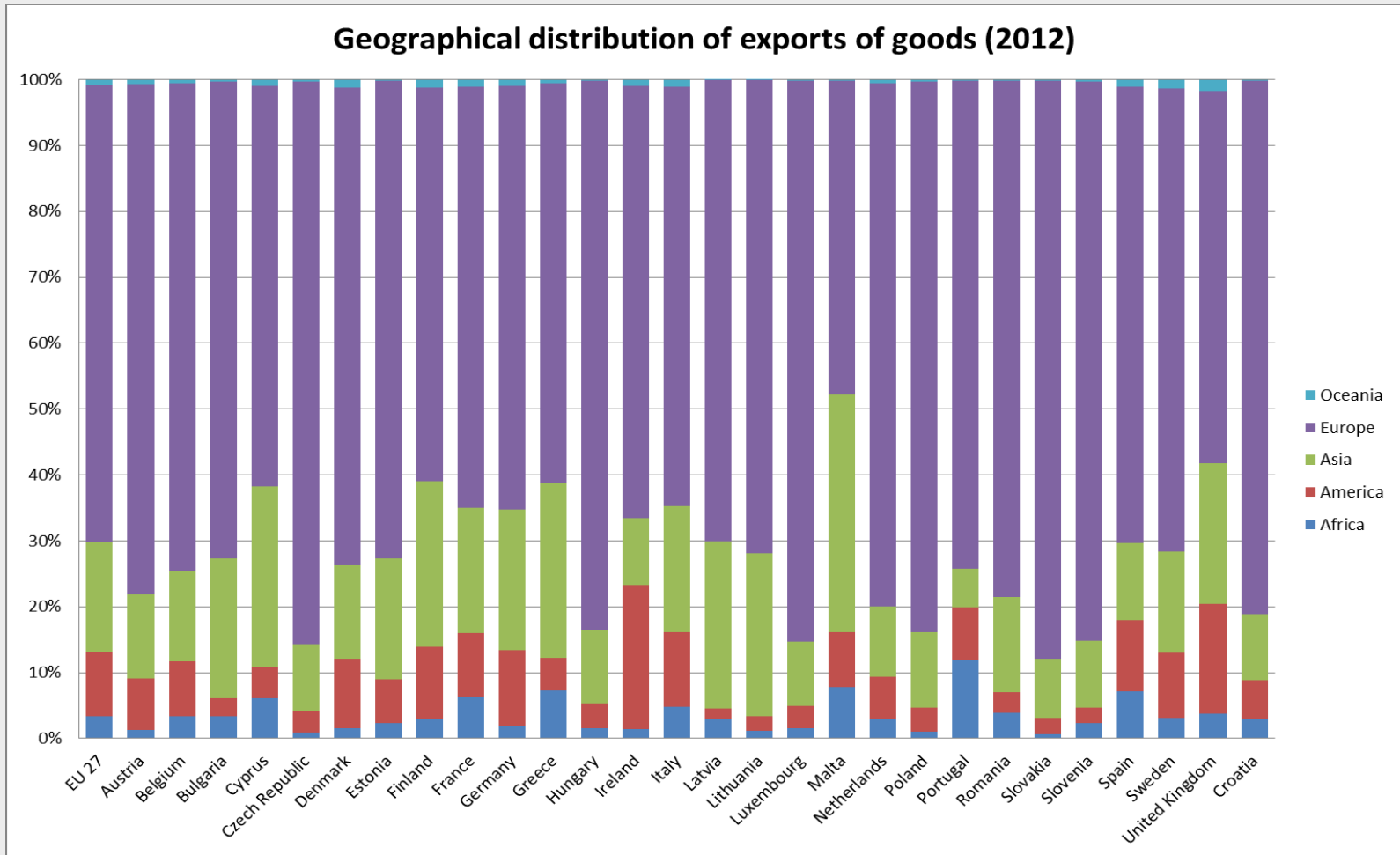
Globalisation of trade (EU28 * year)



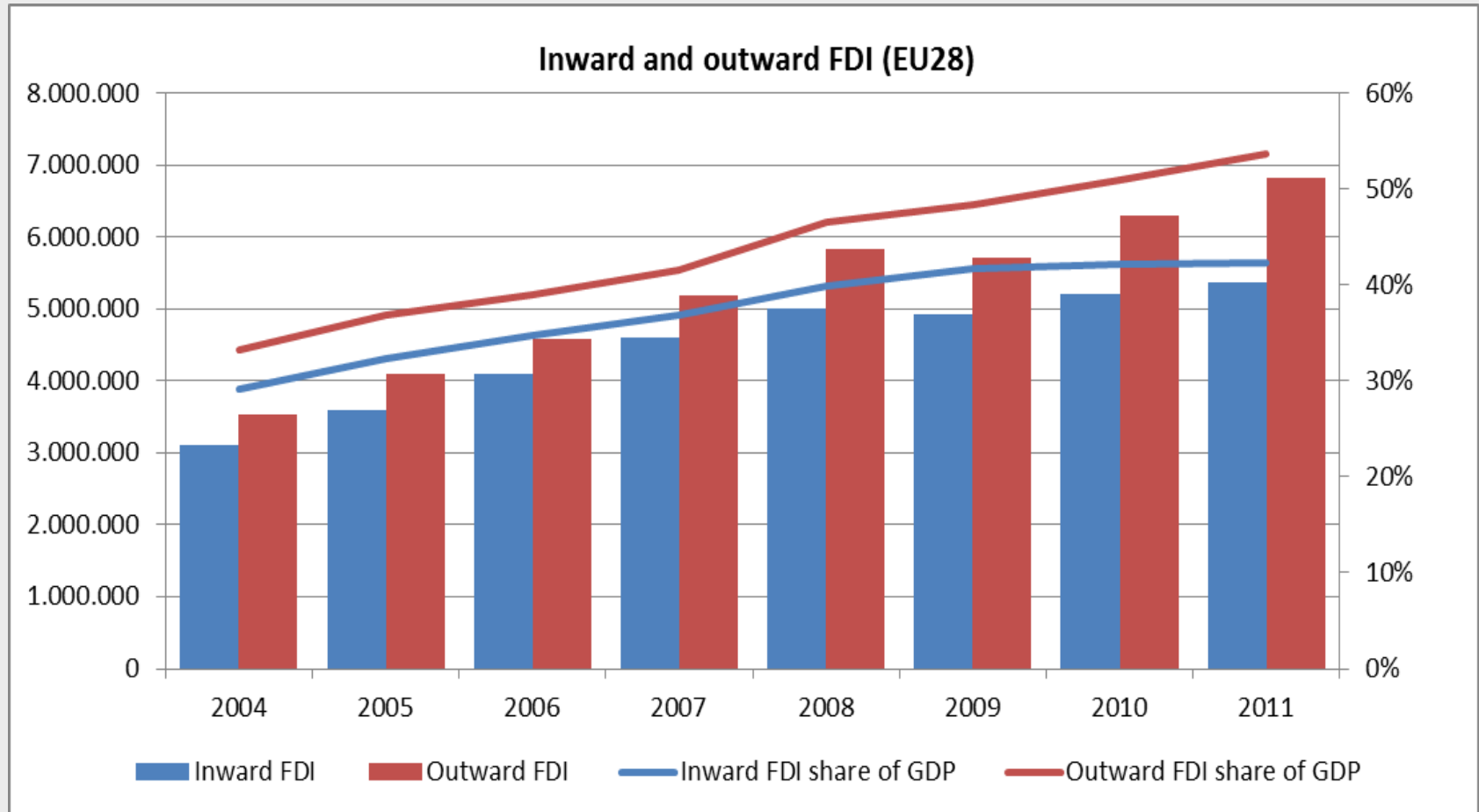
Globalisation of trade (CTY * 2010)



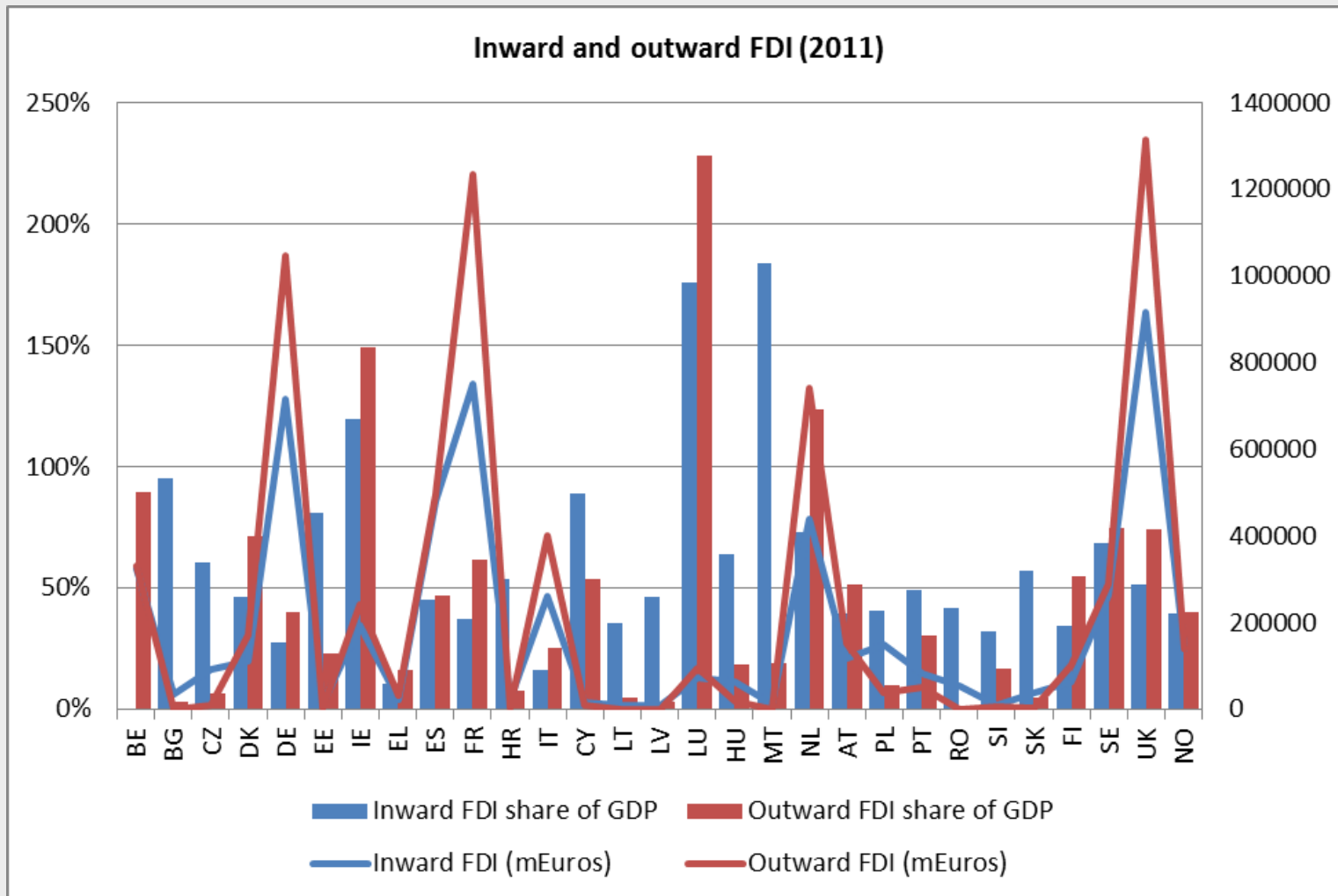
Distribution export goods (CTY*2012)



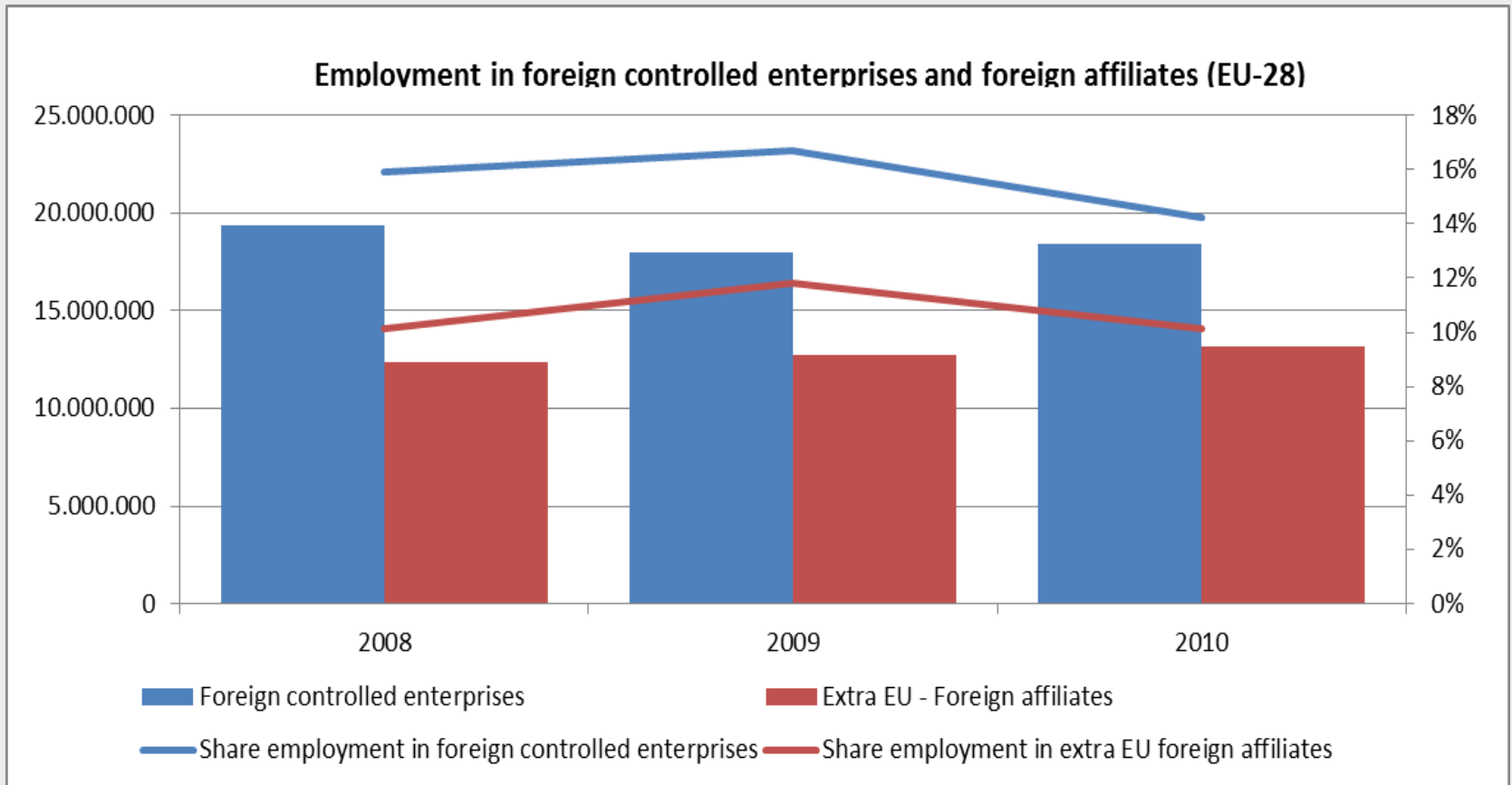
Inward and outward FDI (EU28 * year)



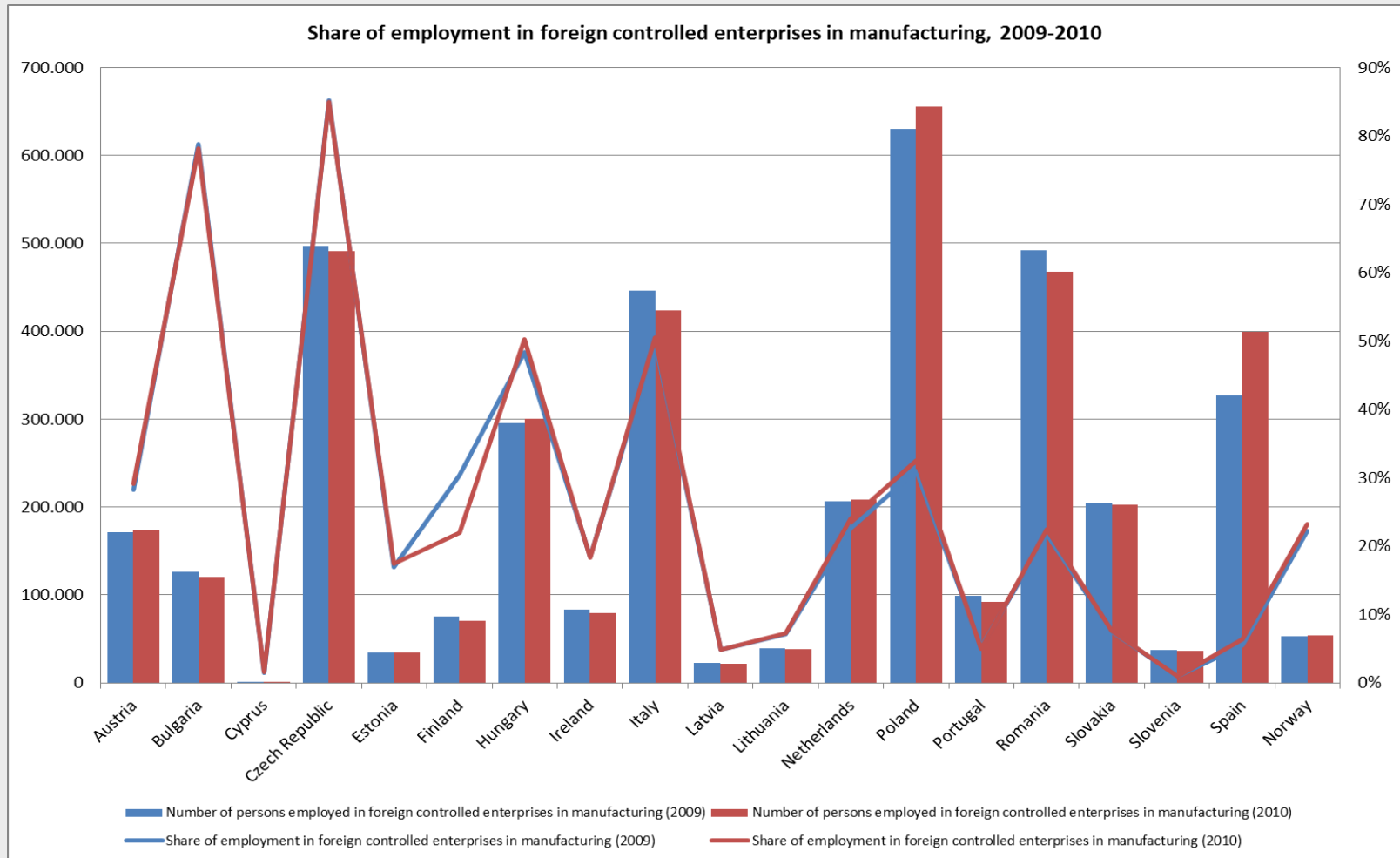
Inward and outward FDI (CTY * 2011)



Globalisation employment (EU28 * year)



Glob. empl. manufacturing (CTY * year)



Resumé

- Main & supplemental indicators on economic globalisation available for EU28
- Harmonised by definition
- Validating EU28 indicators on trade and investments using global or extra-EU benchmarks
- Comprehensive and coherent set of main indicators
- New mandatory statistics on business dynamics and demography improves impact indicators.
- Quality issues in compiling due to derogations and revision procedures

Sound indicators will lead the way....

Thanks for your attention!



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