

Workshop Summary

Europe in a Globalised World: Workshop on economic globalisation, Global Value Chains and statistical data underpinning future policy shaping

Workshop of the ESSnet project on Measuring Global Value Chains

Eigtveds Pakhus, Copenhagen, Denmark, 26-27 November 2013

The workshop agenda is placed at the end of this document.

The workshop site is continuously updated with links and documents!
See: www.dst.dk/gvc-workshop

Peter Bøegh Nielsen (Chairman of the ESSnet on Measuring Global Value Chains and Head of Business Dynamic Statistics Division at Statistics Denmark) opened the workshop, welcoming the participants and introducing the workshop programme and the first speaker.

Maria Helena Figueira (Director of Business Statistics at Eurostat) gave a presentation on global value chains and economic globalisation, focusing on the challenges and Eurostat's initiatives in the field. The presentation touched upon existing statistics and challenges, and highlighted the range of MEETS projects on Consistency, Euro Groups Register, Profiling, Data Warehousing, and the Global Value Chains project organising the present workshop. Figueira also highlighted the work of Timothy Sturgeon and his report and recommendations which provide scientific input to strategic discussions and to the development of statistics on global value chains and economic globalisation within the ESS. Together, the MEETS projects and the Sturgeon report provide important input to the FRIBS process, the purpose of which is to establish a common legal framework for the systematic collection, compilation, data access and dissemination of European business statistics.

Jørgen Elmeskov (Director General of Statistics Denmark) took over with a presentation on the drivers of globalisation, the measurement challenges and need for new concepts and definitions. In addition, Elmeskov described the overall elements of the ESSnet project on Measuring Global Value Chains, and provided illustrative examples of the results from this work. This comprises a framework and data on economic globalization indicators, results from the International organization and sourcing of business functions survey, outputs from the linking at micro level of sourcing survey data with SBS data and data the international trade in goods, and the test work on mirroring FATS statistics. Finally, Elmeskov pointed to the main issues to be addressed, which also served as the basis for the panel discussion later that day, cf. below.

Timothy Sturgeon (Senior Research Affiliate, Industrial Performance Center, Massachusetts Institute of Technology) delivered the key note address, presenting his report to Eurostat on a European framework for measuring globalisation, focusing in particular on the data gaps and how to fill them. Specifically, Sturgeon pointed to the usefulness of the business functions concept and the importance of intra-firm trade as a driver for international trade. Also, Sturgeon highlighted the European surveys on international sourcing as unique and important contributions to the knowledge on economic globalisation, pointing also to similar surveys carried out in Canada and the US. Finally, Sturgeon pointed to micro data linking as an important approach to enrich and further exploit the data that already exist, sketching out also what he termed a science fiction scenario of an international integrated data platform.

Ronald Jansen (Head of Trade Statistics Branch, United Nations) gave a presentation the UN initiative on international trade and economic globalisation statistics. Jansen informed about the work carried out under the auspices of the Friends of the Chair Group toward a concept paper on the scope and content of the measurement of international trade, touching upon the role of basic statistics on international trade, investment, commercial presence, and the outsourcing of business functions. Jansen also referred to the website of the Global Forum on International Trade Statistics and Economic Globalization, where more information about the work can be found.

Fabienne Fortanier (Head of Trade Statistics, OECD) gave a presentation on economic globalisation and the data needs for policy shaping and decision-making. Opening with a focus on the WTO-OECD Trade in Value Added (TiVA) project's past results and current status, Fortanier also pointed to some of the important elements in the future work: the improvement of input data quality and the extension of TiVA beyond the VA (to cover also FDI, income, jobs and skills) as well as better capturing firm level heterogeneity, where the linking of trade, SBS and FATS data is seen as central.

Donald Storrie (Head of Unit at the European Foundation for the Improvement of Living and Working Condition, Eurofound) provided a description of and results from the European Restructuring Monitor, covering restructuring events and labour market developments in the period 2003 to 2013 in Europe, including offshoring events. The database, which is publicly available and includes identifiable enterprises, comprises over 16,000 cases, including more than 1,000 transnational restructuring cases.

Linco Nieuwenhuyzen (Strategy Advisor, Brainport Development agency, Eindhoven, the Netherlands) gave a refreshing presentation on value chains from a regional development perspective. Nieuwenhuyzen described how a supply chain and location factor perspective is used in the philosophy and strategic approach of the Brainport Development agency – and pointing to the importance of fact-based policy-making, Nieuwenhuyzen presented the producers of statistics (the national statistical institutes) with a series of wishes for the future data on supply chains and regions.

The **panel discussion** at the end of the day focused on the main issues that Elmeskov had pointed to earlier:

- How to address the global fragmentation of the production process?
- How do we improve the integration of business and economic statistics?

- In a regime of budget constraints, how do we ensure resources for development of globalisation statistics?
- What is the impact of globalisation on the division of labour between national and international institutes?

The discussions covered several issues related to these questions. Firm heterogeneity and micro data linking were once again pointed out as being important for the future production of business statistics, while it was also argued that the challenges be addressed through a paradigm shift which involves going beyond the silos of the conventional organisation of the statistical production in national statistical institutes. Furthermore, the importance of shedding light on the employment effects of globalisation was broadly agreed upon, and this was discussed also in conjunction to the capturing of both negative and positive effects, the problem of counterfactuals and the coverage of other measures such as productivity, ownership, and value added.

In addition, there was a call for indicators on economic globalisation, in connection to which resource issues and types of indicators were discussed, the general sentiment being that indicators are relevant and useful, the resources are scarce, and the indicators produced by the statistical system should not be composite ones. Finally, it was argued that improving communication and dissemination to demonstrate the value of the statistical products should be seen as an important element along with a mobilisation of partners (policy makers, academia, etc.) in tackling the budget constraints and thus securing the resources to address the challenges discussed.

Hilmar Bojesen (Director of Business Statistics at Statistics Denmark) opened the second day of the workshop with a presentation on the challenges posed by economic globalisation to the current statistical system and how the ESS can respond to these. Bojesen underlined the importance of statistical innovation and new infrastructure requirements in meeting the challenges, while linking these also to the changing user needs and framework conditions focusing on the concern about the administrative burden on enterprises. Further, Bojesen pointed out the importance of considering the benefits and costs, including costs for enterprises as well as for NSIs, in answering the questions of *what*, *when* and *how far* in relation to discussions and decisions on the road ahead.

Peter Bøegh Nielsen covered several parts of the ESSnet project. To begin with, Bøegh Nielsen took the participants back to the starting point of the EU international sourcing surveys and the policy issues at the heart of this, before providing a number of slides on the results of the survey, e.g. on job losses, insourcing vs. outsourcing, and motivation factors for international sourcing. Bøegh Nielsen then focused on the concept of business functions, touching upon the conceptual and definitional issues as well as providing additional survey results illustrating the importance and usefulness of business function breakdowns. Further, the micro data linking project linking the survey data to SBS and foreign trade in goods data was presented, and finally Bøegh Nielsen gave examples from a Nordic project of how experimental globalisation indicators can be produced through micro data linking to shed light on precisely the firm heterogeneity issues that Fortanier had pointed to in her earlier presentation.

Martin Luppés (Programme Manager at Statistics Netherlands) took over with a presentation of the economic globalisation indicators developed by the

ESSnet project. In addition to presenting the indicator framework as well as the context of its development and the underlying conceptual issues, Luppès provided a number of examples, showing what the figures based on indicator data could look like.

Lise Dalen McMahon (Head of Manufacturing and R&D Statistics Division at Statistics Norway) presented the work on mirroring FATS statistics, which had been carried out as part of the ESSnet project by Statistics Norway, Finland and Denmark. The purpose of this work was to test the possible methods of improving the quality of the FATS statistics. The recommendations from the test project include the use of the EuroGroup Register and/or bi- or multilateral cooperation between NSIs to improve FATS statistics, just as a further development of the FATS guidelines on UCI determination is proposed.

The subsequent **panel discussion** involved, in addition to the speakers of the day, panellists Axel Behrens (Head of Division, Eurostat), Norbert Rainer (Head of Registers, Classifications and Methods Division at Statistics Austria), and Timothy Sturgeon (MIT). The point of departure for the discussions was the following questions:

- Do you see a globalisation module within FRIBS - consisting of elements from partly general surveys such as SBS, CIS and R&D surveys, partly from more focused surveys such as the OFATS or ISGVC survey - as a possible way forward?
- How does globalisation impact the definitions and use of statistical units in business statistics?
- Do you see micro data linking as an important tool for the future production of statistics?
- When talking about a possible future division of labour between national and international organisations – would MNE statistics be an obvious area for international statistical offices to compile?

The discussions may be summarised as follows:

- *Globalisation statistics in FRIBS*: there was a general agreement that globalisation issues should be covered by the new proposal for a framework regulation on business statistics (FRIBS). The present ESSnet and other projects will feed into the follow-up discussions on which globalisation elements to be included in FRIBS. Eurostat proposed to establish a fast working TF in order to elaborate the variables to be included in the upcoming draft version of FRIBS in the coming months. Eurostat and several member states have proposed a follow-up on the international sourcing survey, just as the introduction of business functions and further development of the coverage of external suppliers have been discussed, especially focusing on subcontracting.
- *Statistical units to be used in globalisation statistics*: globalisation is seen as a complex and heterogeneous phenomenon which requires not one but several different statistical units, depending on the purpose. Especially the need for introducing enterprise groups to better measure globalisation was emphasised as important by several panellists and participants.
- *Micro data linking*: there was a broad recognition of the importance of micro data linking as a cost-efficient approach which may reduce the burden on enterprises and improve the use of existing data sources. It

was also pointed out, however, that micro data linking may also increase the costs at NSIs, that it cannot address all data gaps (e.g. affiliated trade), and that there are a number of methodological issues to address in the coming work.

- *Division of labour between national and international organisations:* There seemed to be a general sentiment that both national and international organisations are needed if harmonised and co-ordinated globalisation statistics should be produced. Especially when discussing statistics on MNEs, there is a need to discuss the future division of labour between national and international statistical institutes. Currently, business statistics is (mainly) produced by national statistical institutes, but the question was raised if it would be more cost-efficient and provide better quality, if focused statistics on MNEs would be produced by international organisations?

Workshop agenda

November 26th 2013

9.30	<i>Registration (& coffee)</i>	
10.30	Welcome and Introduction	Peter Bøegh Nielsen Chairman of ESSNet
	Global Value Chains and economic globalisation: The Eurostat initiative	Maria Helena Figueira Director Business Statistics, Eurostat
	How economic globalisation and Global Value Chains are being addressed by the statistical system	Jørgen Elmeskov, Director General, Statistics Denmark
	Key note: A European framework for measuring globalisation	Timothy Sturgeon, Senior Research Affiliate, Industrial Performance Center, Massachusetts Institute of Technology
	Discussion	
12.30	<i>Lunch break</i>	
14.00	Towards an organizing framework for the measurement of Global Value Chains	Ronald Jansen, Head of Branch Trade Statistics, United Nations
	Globalisation and data needs for policy shaping and decision making.	Fabienne Fortanier, Head of Trade Statistics, OECD
	Offshoring in the European Union in the 21st Century: Evidence from the European Restructuring Monitor	Donald Storrie, Head of Unit, Eurofound
	Value Chains from a regional policy perspective	Linco Nieuwenhuyzen, Brainport Development, the Netherlands
15.40	<i>Coffee break</i>	
16.00	Panel discussion	
	Closing	Statistics Denmark
17.00- 18.30	<i>Reception</i>	

9.30	Introduction to Day 2: How can the ESS respond to the challenges posed by economic globalisation to the current statistical system?	Hilmar Bojesen, Director Statistics Denmark
	International organisation and sourcing of business functions surveys: An innovative approach to meet data needs: Combining surveys, statistical registers and micro data linking	Peter Bøegh Nielsen, Head of Division Statistics Denmark
	Discussion	
11.00	<i>Coffee break</i>	
11.15	Economic globalisation indicators: Framework, indicators and data	Martin Luppens, Project manager Statistics Netherlands
	Discussion	
12.15	<i>Lunch break</i>	
13.30	Mirroring foreign affiliate statistics – what do we see?	Lise Dalen McMahon, Head of Division, Statistics Norway
	Discussion	
14.15	<i>Coffee break</i>	
14.30	Panel discussion: The Road ahead - Opportunities and challenges	
16.00- 16.30	Closing of the workshop	Statistics Denmark
