

CONFERENCE OF EUROPEAN STATISTICIANS

For discussion and  
recommendations

Meeting of the 2016/2017 Bureau  
Ottawa, 11-12 October 2016

Item III (e) of the Provisional  
Agenda

**GLOBAL PRODUCTION: FOLLOW-UP**

Note by the secretariat

*The document presents progress of work in the area of global production since the endorsement of the Guide to Measuring Global Production and the decision to organize special sessions of the Group of Experts on National Accounts devoted to measuring global production. **The Bureau discussed the progress of work and provided advice on further work, especially on the recommendations of the most recent meeting on global production, presented in paragraph A** specific proposal for further work on the financial behaviour of multinational companies and global producers is presented in document ECE/CES/BUR/2016/OCT/9.*

**I. INTRODUCTION**

1. In June 2015 the Conference endorsed the *Guide to Measuring Global Production*, prepared by the Task Force on Global Production, chaired by Ireland. The Guide provides extensive practical guidance on the implementation of the System of National Accounts, 2008 (2008 SNA) and the Balance of Payments and International Investment Position Manual, sixth edition (BPM6) in respect to global production arrangements, and follows up on unresolved or emerging conceptual issues. At the same time, based on the discussion at the CES plenary session and the results of the global consultation, CES highlighted the importance of continuing the work on implementation of the recommendations of the Guide and the need to establish a forum where countries can share experience.

2. Following the decision of the Conference, UNECE, Eurostat and OECD organized in July 2015 and in May 2016 special sessions of the Group of Experts on National Accounts devoted to measuring global production. The purpose of these sessions was to provide a forum where countries could discuss conceptual issues and share practical experience in implementing the *Guide to Measuring Global Production*. They were prepared in consultation with the UNECE Steering Group on National Accounts.

**II. THE MEETING OF THE GROUP OF EXPERTS ON NATIONAL ACCOUNTS IN 2015**

3. The July 2015 meeting started with a session on data user's point of view to global production. The main part of the meeting was devoted to sharing countries' experience in dealing with global production in economic statistics. Furthermore, emerging conceptual issues in global production, especially factoryless goods producers, were discussed. The participants

were also informed about the new global initiatives related to global accounts. The meeting concluded with a panel discussion on data gaps and way ahead. The main conclusions of the meeting were taken into account in the finalization of the *Guide to Measuring Global Production*.

4. Key messages and recommendations for the future work could be summarized into the following points:

- **Continuous dialogue between producers and users of statistics** is important to maintain the relevance of the data and reveal its potential uses. The Group of Experts on National Accounts should continue to involve key users in the discussions.
- Currently many national statistical offices (NSOs) are investing substantial efforts in redesigning their data collection and compilation systems to implement the international recommendations regarding the treatment of global production. The Guide on Measuring Global Production provides recommendations on how to do this in practice. The meeting underlined the necessity of **collecting more country experience in implementing the Guide and, on this basis, further strengthen its recommendations in the future.**
- The experience of the countries that set up special units for monitoring large and complex enterprises was found useful for improving the quality of statistical data and reducing response burden. The participants underlined the importance of developing **guidance and sharing best practices on organizing large and complex enterprises units.**
- Many key topics for the international research agenda were identified: factoryless goods producers, merchanting of services, goods and services split and measuring the activities of global producers in constant prices. The meeting stressed the importance of research in these areas and underlined the necessity of good coordination e.g. it is essential to **advance the research on factoryless production in close cooperation with classification and business register experts.**
- The meeting emphasized the importance of integration of data from different sources as a way to introduce efficiencies and to improve the coherence and relevance of the accounts. This highlights the need of closer collaboration between the relevant statistical experts and more fundamentally, provides **opportunities to develop better integrated statistical information systems.**
- In this respect the meeting expressed **broad support for moving forward with data sharing**, but recognised that this is a very challenging issue due to legal and confidentiality constrains. International organisations should consider ways to facilitate the process. (On this background in October 2015 the CES Bureau selected exchange and sharing of economic data for an in-depth review.)
- Trade in value added provides a valuable framework for analysis of the economy. This work should continue and be extended with additional indicators that provide links to employment and income.
- The meeting recognized the prominent role of this **forum to assist the exchange of knowledge and best practice among countries** and to facilitate the implementation of the recommendations of the Guide on Measuring Global

Production. The participants agreed that a similar expert meeting on Global Production should be organized in 2017, jointly with Eurostat and OECD. Efforts shall be made to involve also classification, business registers, business statistics and trade experts as well as representatives from central banks.

### III. THE MEETING OF THE GROUP OF EXPERTS ON NATIONAL ACCOUNTS IN 2016

5. The May 2016 meeting of the Group of Experts on National Accounts included a day and a half session that focused on recent progress with implementation of the *Guide to Measuring Global Production*. A joint session with the Technical Subgroup (TSG) on ISIC of the UN Expert Group on Economic Classifications followed up on the research related to the classification of factoryless goods producers. Experience with data sharing and recent international initiatives on development of global accounts were also discussed. The meeting concluded with a panel discussion devoted to the next steps and the role of international organizations in support of measuring global production.

6. The main conclusions and proposals for further work are summarized below:

- The participants recognized progress made and the need to continue with follow-up work to implement the recommendations and advance the research agenda of the *Guide to Measuring Global Production*. On the other hand, there is a constant need to keep up with increasingly rapidly changing business practices.
- Finding a common language and communicating clearly and efficiently with businesses is a challenge. The terms and concepts used in statistical surveys are sometimes confusing to respondents. Working with survey methodology experts, talking to businesses and learning how companies communicate their information and keep their accounts would help improving questionnaires.
- Producing the right data is an iterative process. New data sources, surveys and methods need to be investigated, put in place and tested. This will allow identifying gaps, developing new survey modules, and adjusting and improving the methodology.
- The need to improve communication with global companies and ensure data consistency across statistical domains has led statistical offices to consider how to best organize this work. As a result, more and more offices are setting up so-called “large and complex enterprises units (LCUs)”. **Exchange of experience on the work and organization of units focusing on large and complex enterprises, data reconciliation and validation should continue.**
- Apart from large and complex corporations many medium and small units are involved in global production arrangements. Statistical offices do not have the capacity to investigate these units and need to **develop general methods and procedures for tracking and estimating medium and small units’ impact on the economy. A workshop to exchange experience in this respect could be a good starting point.**
- Participants underlined the need of sharing of knowledge and experience in applying the recommendations of the *Guide to Measuring Global Production* on data collection and compilation methods. **A collection of best practices in dealing with global production and data inconsistencies** would be useful and a

wiki platform for sharing different country practices should be established. The collected experience could lead to an update of chapter 5 of the *Guide to Measuring Global Production*.

- Keeping track of global production arrangements in the financial sector and recording financial transactions is even more challenging. The **relationships between financial and non-financial accounts have to be addressed**. Intensifying cooperation with central banks is crucial, both to align balance of payments and national accounts figures and to share knowledge about financial markets. (Document ECE/CES/BUR/2016/OCT/8 by Statistics Netherlands addresses the issue in more detail.)
- The participants found the joint discussions with the classification and business register experts from the TSG on ISIC and the Eurostat Task Force on FGPs very useful. **Continued dialogue between national accountants and the TSG** is needed in order to advance the work on detecting and understanding the activity of factoryless goods producers.
- Data sharing and confrontation is key in keeping the quality of statistics. The participants emphasized the need of data exchange between the producers of economic statistics within a country and between countries to enable proper data validation for global production activities. They welcomed the CES Bureau decision to undertake in-depth review of data exchange and decide on further work in the area. A small group of experts was formed to assist Statistics Finland in analysing the national experience in data sharing and make concrete proposals to the CES Bureau on how to advance the work in this area. (Document ECE/CES/BUR/2016/OCT/3 by Statistics Finland)
- Data sharing should be targeted and for clear purpose. It is important to advance in small steps. The problems to solve need first to be clearly defined and then the data exchange to address these problems in a most effective way should be found.
- **Issues related to households need to be addressed as globalization affects also households as consumers and suppliers of labour force.**

7. International organizations should play a role to support countries in dealing with global production. The following most important areas were highlighted:

- **Supporting the exchange of knowledge and good practices** in relation to collection, processing, compiling and disseminating of data related to global production.
- **Facilitating data exchange between countries.** This could be done through enabling reconciliation exercises, detecting of asymmetries, training and identifying and promoting best practices.
- **Compilation of globally integrated data sets, studies and analyses** that demonstrate the usefulness of the new data series that national statistical offices are producing in response to the global production agenda.
- Promote international **cooperation and sharing of knowledge in respect to the work of LCUs.** Facilitate the liaising and getting common view of the large and complex companies.
- Organize workshops to **share experience and present methods for estimating the effect of small and medium enterprises involved in global production.**

- **Further aligning of international requirements**, concepts and standards in the area of national accounts and international trade. Keeping up to date with changing economic reality and international business practices.

8. UNECE jointly with Eurostat and OECD will organize a special meeting of the Group of Experts on National Accounts to discuss practical experience in dealing with global production. The meeting will take place on **31 May - 2 June 2017** and will be prepared in consultation with the UNECE Steering Group on National Accounts. **Feedback from the CES Bureau will be taken into account in the preparations of this meeting.**

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