Comments on Papers and Presentations
Session 3A: Data Collection, Revision of Questionnaires and Compilation Techniques

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Overview

- Informative papers and presentations that address important issues for measuring global production in the context of SNA 2008 and BPM6.

- Focus primarily on the technical aspects of measuring goods for processing and merchanting, including adjustments to data sources.

- My comments will summarize the main points of each and consider the feasibility of the recommendations for the United States.
Describes the integration of several microdata sources to develop statistics on Mexico’s participation in global value chains and global manufacturing production.

Data sources: economic census, annual survey of manufacturing, and foreign trade transactions.

Results include value added associated with global manufacturing exports along with profiles of companies engaged in global production.

Not directly designed for measuring goods for processing (GFP) or merchanting but rather for developing extended supply-use tables and TiVA statistics.
U.S. is also considering how best to integrate data sources to develop globalization-related measures.

Would like to take advantage of integrated data sources to develop official GFP statistics—may be most feasible approach.

Current focus is on data sharing projects within the U.S. statistical system to link production statistics from censuses and surveys with merchandise trade.

Mexico may also want to consider how to use its integrated data to improve the measurement of GFP and merchanting.
- Describes an integrated methodology for compiling statistics on GFP and merchanting following BPM6.

- Data sources: International Transactions Reporting System (ITRS) and monthly customs data

- Assumes that the combined amount of processing services and merchanting can be derived by deducting merchandise trade from the ITRS with adjustments.

- Combined total is separated using ratios from a survey of companies engaged in outward and inward processing.
▪ U.S. does not have an ITRS data source or any indication of outward or inward processing trade in its trade statistics.

▪ The survey questions used by Korea to determine features of GFP and merchanting could be a guide for the U.S.

▪ Given the indirect estimation, Korea may want to consider reconciling residual GFP and merchanting estimates with service fees collected directly on surveys.
Describes integrated modular survey questions that Canada will test with key companies to collect data for global production, GFP, and merchanting.

First module determines if companies are engaged in global production activities. Positive respondents are directed to more targeted global production modules.

Rather than trying to match the merchandise trade detail in its proposed surveys, Canada will test a more aggregated approach to commodity and country detail due to response burden concerns.
Statistics Canada Continued

- Survey seems well designed and, if reporting proves feasible for respondents, will provide valuable information for Canada’s globalization measures.

- The U.S. so far has had limited success with questions on surveys eliciting resident-nonresident transactions related to GFP.

- Like Canada, U.S. has an integrated program and works closely with source data suppliers. Continued cooperation between BEA and Census should prove valuable.

- Canada’s survey questions related to merchanting collect broad detail by commodity and country. Not clear if Canada intends to publish along these dimensions.
Discusses practical issues in the application of SNA 2008 and BPM6 rules on recording change of ownership for resident-nonresident transactions.

Detailed GFP compiler recommendations were presented in *Eurostat Manual on Goods Sent Abroad for Processing*. Recommendations are restated in this paper.

New material is presented on the treatment of foreign trade transactions reported by non-residents.

- Consists of goods crossing borders without a change in ownership but not intended for processing.
- One important example is transit trade within a customs union such as the European Union.
Recommendations on the treatment of GFP are highly relevant for the U.S.

Those regarding the proper treatment of GFP in the national supply and use tables are particularly important and will be carefully considered.

Nature of Transaction (NoT) codes that identify processing trade in the European Union custom data are not available in the U.S. customs data.

Transit trade does not appear to be a significant issue for the U.S. but may need to be evaluated in the context of North American trade.
Describes how Italy used information from an integrated database at the company level as part of an overall GFP methodology.

Information was derived by linking administrative data on intra-EU services trade including outward and inward processing services with merchandise trade data.

Merchandise trade data include NoT codes that identify GFP transactions with and without change of ownership.

Italy has developed specific procedures to
- Reconcile inconsistent company data related to GFP transactions
- Adjust merchandise trade data to a change of ownership basis
Very useful framework for combining survey and administrative data for GFP estimation. Could be used by other countries with similar data sources.

U.S. does not have the same kind of information as EU countries, particularly the NoT codes related to GFP trade.

EU collects data on services trade that includes non-resident processing services. So far, the U.S. experience with direct collection has been somewhat discouraging.

Italy found that a significant share of processing services was reported by companies without GFP transactions. Could indicate survey misreporting or misclassification.
Conclusions

- Challenges to implementation of SNA 2008 and BPM6 recommendations related to global manufacturing.
- Papers and presentations provide insights into strategies for estimating GFP and merchanting.
- Not all countries have access to the same data sources so approaches will necessarily differ.
Conclusions—continued

U.S. will ultimately rely on matched microdata files to obtain parameters needed to adjust merchandise trade data and estimate processing services.

- Research will be conducted to identify the traded products and partner countries of firms engaged in processing trade.
- Further research will be conducted on strategies for directly collecting outward and inward processing service fees.