Handbook on Accounting for Global Value Chains
Extended National Accounts and Integrated Business Statistics

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Chair EG - ITEGS

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Expert Group on ITEGS

Mandate received from the Statistical Commission in March 2015 to prepare a Handbook on the measurement framework for international trade and economic globalization

Annex I


Europe: Ireland (Chair), Denmark, Italy, the Netherlands and the United Kingdom
America: Canada, Colombia, Costa Rica, Mexico and the United States of America
Africa: Cabo Verde, Morocco, South Africa and Uganda
Asia: China, India, Iran (Islamic Republic of), Kazakhstan, the Republic of Korea, Thailand, and Viet Nam
Agencies: Eurostat, IMF, OECD, the United Nations Conference on Trade and Development, the World Trade Organization, the Economic Commission for Europe and the Statistics Division
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Editor – Steve Landefeld, former Director of US BEA

Additional Experts –
Dale Jorgenson (KLEMS), Gary Gereffi (GVCs), Tim Sturgeon (GVCs), Stacey Frederick (GVCs), World Bank (GVCs)

Meetings –
January 2016, New York
November 2016, New York
6-8 June 2017, Luxembourg
Handbook on ITEGS

- High-level overview of how economic statistics can be made more accurate and relevant in **measuring the effects of globalization in national accounts and business statistics**
- Better inform public policies and business decisions on
  - growth and productivity,
  - domestic and foreign share of value added in trade,
  - domestic and foreign labor and capital used in the trade
- **Provide a national perspective on globalization based on a GVC model**
- Specific GVC industries in a multi-country supply chain of goods, value adding services and institutional arrangements
Five Parts of the Handbook

I. Policy, Business and Statistical Motivation
II. General Statistical Framework
III. Global Value Chain approach
IV. Integrated Business, Trade and Investment Statistics
V. Application of the measurement framework
General Statistical Framework

Chapter 2: Overview of the Framework
Chapter 3: Extended Supply and Use Tables (TiVA)
Chapter 4: Extended Productivity (KLEMS) Accounts
Chapter 5: Extended Environmental-Economic Accounts
Chapter 6: Extended Capital and Financial Accounts
Chapter 7: Conceptual issues of Global Enterprise perspective
Chapter 8: Special Accounting Topics
Global Value Chain Approach

Chapter 9: Global Value Chain Satellite Account
- GVC Template

Chapter 10: GVC Industry Modules and their Application
- NA Automotive
- Morocco Automotive
- Costa Rica electronics and medical devices
- Vietnam electronics and apparel
Integrated Business, Trade and Investment Statistics, and the applications

Part IV

Chapter 11: Firm heterogeneity related to globalisation
  - Micro-data linking
  - Business Functions

Chapter 12: Bilateral asymmetries, Global Groups Register and data sharing

Part V

Chapter 13: Public policy use of the Extended Accounts
Chapter 14: Research Agenda
Global Value Chains case studies

Example of the Automotive GVC in North America
The GVC model describes the full range of activities, business functions, value adding services, and institutional arrangements required to bring a product or service from conception through the different phases of production, delivery to final consumers, and the final disposal after use.
Figure 2: GVC for the automotive industry
### Table 2: Motor Vehicle HS Codes

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<tr>
<td><strong>Final Products</strong></td>
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<td>Passenger vehicles</td>
<td>870321, 870322, 870323, 870324, 870321: Other vehicles, with spark-ignition internal combustion reciprocating piston engine &lt;1000cc, 1000 – 1500cc, 1500 – 3000cc, &gt;3000cc 87033: Other vehicles, with compression-ignition internal combustion piston engine (diesel or semi-diesel) &lt;1500cc, 1500 - 2500cc, &gt;2500cc</td>
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<td>Lead Firms</td>
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<td><strong>Subassemblies</strong></td>
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<td>Body system</td>
<td>870600</td>
<td>8706: Chassis fitted with engines, for the motor vehicles of headings 87.01-87.05</td>
<td>Chassis</td>
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<tr>
<td>Drive train</td>
<td>840733, 840734, 840820</td>
<td>Reciprocating piston engines used for the propulsion of vehicles of Chapter 87; of a cylinder capacity: &gt; 250 cc ≤ 1,000 cc &gt; 1,000 cc Compression-ignition internal combustion piston engines (diesel or semi-diesel engines); of a kind used for the propulsion of vehicles of Chapter 87</td>
<td>Engine</td>
<td>Lead Firms</td>
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<td><strong>Components/Parts</strong></td>
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<td>Body system</td>
<td>401110, 401211, 870831, 870839, 870870</td>
<td>401110: New pneumatic tires, of rubber; of a kind used on motor cars 401211: Retreaded tires; of a kind used on motor cars (including station wagons and racing cars) Brakes and servo-brakes and parts thereof;</td>
<td>Tires</td>
<td>Suppliers</td>
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Extended supply table for GVCs

Each cell indicates the amount of each commodity that is produced domestically by each industry.
Each cell indicates the amount of a commodity purchased by each industry as an intermediate input into the industry’s production process.
GVCs and the role of lead firms

• The GVC includes all the forward and backward linkages of lead firms with other enterprises
• Lead firms determine the specifications for the production of inputs parts and components
• More information needed on these lead firms:
  ➢ Domestic or foreign ownerships
  ➢ Structure of its foreign affiliates
  ➢ Trade intensity of domestic and foreign affiliates
  ➢ Outsourcing of business functions
• Proposal for a global business groups register
• Proposal for international data-sharing agreements
1. How can we compare the various levels of measurement?

- Global extended SUTs
- Regional extended SUTs
- Industry specific GVC extended SUTs
  - Large MNEs
  - Limited number of partners
  - National compiler ownership

2. Which indicators do we want to recommend from micro-level business statistics and various macro-level extended SUTs?
Thank you