Price and volume measures for merchanting of goods and sending goods abroad for processing

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Measuring Global Production
Background

- Merchanting and processing of goods abroad → new treatment in the updated 2008 SNA and ESA 2010
- Measuring for NA is a challenge
- Even more so the prices and volume!
- Eurostat-chaired TF
- Handbook on P&V measures, recommendations
- Plus further work, UNECE paper is also work in progress
Merchanting

**A** (Merchant) → *movement of goods* → **B** → net EX → **C**

- **neg EX** (negative exchange)
- **pos EX** (positive exchange)
- **ownership of goods**
- **actual transaction prices**

**Merchanting**
Merchanting

- Care needs to be taken that separate transport or storage activities are actually recorded separately (import of services to country A)
- Treatment of Inventories ?:
  merchanting margin = 'pos EX' – 'neg EX' + changes in inventories of goods destined for merchanting
  with the changes in inventories being positive for additions and negative for withdrawals
- 3 month as a rule of thumb?
- Recording at replacement costs / issue of holding gains
Merchanting Volume

**Movement of goods**

B → movement of goods → C

**Net EX**

**Neg EX**

1) PPI (B)
2) ExPI (B)
3) ExPI (A)

+ Exchange rate effects

**Domestic wholesale trade margin index**

**Pos EX**

1) PPI (C)
2) ImPI (C)
3) ImPI (A)

**Same PI for EX and IM?**
Data sources?

• *Enterprise surveys of the country where the merchant is resident; balance of payments statistics*

• *Which price statistics are available?*

• *International PI*

• *Domestic PI*

• *Implementation in SUT framework ...*
Goods sent abroad for processing

B

processing

EX

processing fee

IM

principal

(no change of ownership of goods)

physical movement of goods
Processing abroad - volume

B

processing

EX

processing fee

IM

principal

A

(no change of ownership of goods)

wage rate index 4)

IM price index (goods) 2)

EX price index (goods) 2) 3)

EX price index (goods) 2) 3)

IM price index (goods) 2) 3)

similar domestic SPPI 1)

similar domestic SPPI 1)

SPPI *)

similar domestic SPPI 1)
Data sources?

- IMTS
- Enterprise surveys
- Which price statistics are available?
- Implementation in SUT framework ...
Conclusions

- **Further improvements in sources and methods for current price estimates**
- **Convergence to specific methods?**
- **... it is difficult ...**