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**STATISTICS AND DATA DIRECTORATE
COMMITTEE ON STATISTICS AND STATISTICAL POLICY****Working Party on International Trade in Goods and Services Statistics****Working Party on International Trade in Goods and Services Statistics**

Conclusions of the Working Party on International Trade in Goods and Services Statistics
(27-29 March 2019)

This document presents the draft conclusions of the WPTGS Bureau and the draft summary record of the 11th meeting of the Working Party on International Trade in Goods and Trade in Services Statistics (WPTGS, 27-29 March 2019).

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Main Conclusions of the 2019 Working Party on International Trade in Goods and Services

1. Identifying and Explaining Trade Asymmetries

There was, for the fifth consecutive year, high country participation in the bilateral trade asymmetries meetings. The Bureau encourages the OECD to continue to prioritise this activity and asked the Secretariat to:

- Organise biannual bilateral trade asymmetry meetings (including using virtual video based meetings, such as WebEx), and support bilateral discussions through the provision of background material highlighting the main areas of asymmetry.
- Integrate revised data into the OECD balanced trade datasets and GVC indicators.
- Contact a small number of volunteer countries that would be interested in ‘User testing’ the OECD Trade Asymmetry Explorer tool – before it is rolled-out to the full WPTGS group; ensuring that it is customised to serve the needs of the bilateral and trilateral asymmetry meetings.
- Develop a “Trade Asymmetry” webpage that provides a repository of published asymmetry documentation, including papers on communications with users and any recommendations countries have made.

2. Digital Trade

Given the importance of the information derived from the OECD stocktaking survey on digital trade, the Bureau recognised the rapid rate of change in this area of measurement and proposes:

- That a 2020 survey be undertaken prior to the next WPTGS meeting.

The Bureau acknowledged the progress on the Handbook on Measuring Digital Trade.

- The Bureau asks countries to send their feedback on the draft chapters and any national experiences for measuring digital trade to wptgs@oecd.org and/or statistics@wto.org.

Following the receipt of this round of comments, the handbook will be submitted to the Expert Group and presented at a special meeting to be held back-to-back with the Inter-agency TFITS meeting in October.

3. Trade by Enterprise Characteristics

The Bureau acknowledged the wide country coverage of Trade by Enterprise Characteristics (TEC), now reaching 31 of 36 OECD countries as well as 6 non-member countries, and growing demand for Services Trade by Enterprise Characteristics (STEC). The Bureau asked the Secretariat to:

- Explore the possibility of an OECD STEC collection; and
- Dedicate a special session on STEC at WPTGS 2020.

4. Measuring Multinationals

The Bureau recognised the strong demand from policy makers, analysts, and statisticians, for more data on MNEs and their activities, and underlined the wide support among WPTGS members for the development of tools at the international level to assist and further the development of such statistics.

The Bureau asked the Secretariat to investigate:

- Hosting a coordinated discussion on the Challenges of Measuring MNEs with National Accounts colleagues, possibly taking place back to back with the WPNA meeting in November.
- Drafting a proposal, setting out the pros and cons of a dedicated OECD questionnaire direct to MNEs, for next year's WPTGS.

Finally, the Bureau welcomed the work on ADIMA and recognised its potential to serve as an input for profiling work.

- Moving forward, the Bureau asks that the Secretariat begin developing tools that could help see countries engage in non-disclosive validation of ADIMA data.

5. Services trade by Modes of Supply

The Bureau welcomed the strong progress on Services modes of supply within countries and their coordination with the International Organisations.

6. TiVA

The Bureau encouraged the OECD to invite interested countries to TiVA regional meetings to assist in the process of generating common tools, data and methods and transparent and replicable TiVA processes and results.

7. Measuring Global Production

The Bureau acknowledged the significant efforts reported at the 2019 WPTGS meeting to integrate and attempt to integrate global production measures, such as processing, and encouraged the Secretariat to:

- Consider a special session on Global Production at the 2020 WPTGS.

8. GVCs

The Bureau acknowledged this informative OECD-IMF collaboration. IMF BOPCOM endorsed the creation of a Working Group, led by OECD and IMF, to identify components in the current framework that could be used to develop indicators on GVCs and examine how to better identify the role of MNEs in the current account. The Bureau encouraged the OECD and IMF to:

- Continue work on GVC measurement in areas deemed most feasible by national compilers.

9. Administrative items

The Bureau noted that the next WPTGS meeting will be in the week of 24-28 March 2020 (in the OECD Conference Centre at 2, Rue André-Pascal).

Detailed Minutes of the Working Party on International Trade in Goods and Services (27-29 March 2019)

Joint WPTGS-WGIIS session on Trade, investment and digitalisation

1. Krzysztof Makowski (WGIIS, National Bank of Poland) and Paul Farello (WPTGS, United States Bureau of Economic Analysis), co-chairs, opened the meeting. Paul commented on the fruitfulness of bringing the two groups of experts together over the years, addressing common challenges such as on integrating FDI flows within the TiVA framework, harmonising FDI flows and measures of international service trade statistics, and also harmonising stocks and flows with movements of intellectual property.

Item 1. Analytical Data on Individual Multinationals and Affiliates (ADIMA) (Cecilia Caliandro, OECD; Diana Doyle, OECD; Graham Pilgrim, OECD)

2. The WPTGS Chair introduced the item noting that ADIMA is a ‘Smart’ data framework bringing together data from traditional and innovative sources to analyse the activities of MNEs.

3. The objectives of ADIMA are to produce and disseminate statistics on the activities of MNEs using a wide range of open data sources, (*e.g.* through web-scraping).

4. To motivate broader up-take of ADIMA and to demonstrate its utility the presentation focused on the following areas:

- Internationalisation, *i.e.* how MNEs locate affiliates to maximise profits. Two dimensions of internationalisation were presented: (i) *degree* (measured by sales); and (ii) *spread* (international expansion relative to potential);
- Intangibles (*e.g.* share of intangibles over total assets, market value/book value...); and
- Economic and policy environment, to help understand why MNEs invest in a country (*e.g.* RTAs, labour costs, intellectual property protection, etc.).

5. In addition to being a source of policy relevant indicators, the ADIMA database also provides a Register and Monitor. The Register will be publicly (and freely) available, as opposed to commercial business registers. The Monitor, conceived to track major MNE events (*e.g.* take-overs, mergers, etc.), is designed to act as an early warning system for compilers of trade and production statistics. The OECD plans to release ADIMA in late 2019 and would welcome countries help in a pilot to validate ADIMA data using national statistics.

6. Countries congratulated the ADIMA team on the impressive progress made since the last WPTGS meeting. The Netherlands (Central Bank), Germany (Bundesbank) and the United States (BEA) offered to be part of a pilot. Countries additionally noted the large opportunities that ADIMA offers to national statistics institutes, for example by providing new information on MNEs with respect to their sales, international activity, organisational heterogeneity and the impact these have on growth, productivity, technology spillovers and on firm strategy and behaviour.

Item 2. Reflecting complex global production arrangements in the balance of payments: adapting the statistical process to the challenges of globalisation (Tatiana Mosquera-Yon, Banque de France; Jens Walter, Bundesbank)

7. Both presenters thanked the OECD for providing the forum for discussion and noted that the joint presentation covered collaborative work over the past two years between the Banque de France and the Deutsche Bundesbank. They stated that the cooperation took place at both senior and technical levels and has been a fruitful exchange of information about work practices, not only on MNEs.

8. The objective of the joint project was to analyse the operations of each MNE group to gain insights on their production and pricing arrangements. Within the project scope were MNEs that had affiliates/headquarters in either country (France and Germany) as well as affiliates outside the EU. The two institutions involved shared their understanding of the business, methodology and compilation practices to achieve a consistent recording of MNE activities (inter-institutional work stream). At the same time, a second work stream was aimed at educating MNEs about the reporting requirements and collecting additional information from the MNEs themselves.

9. In conclusion, this cooperation was successful and greatly improved the recording of MNEs' activities in the two statistical systems. However, the process was heavy and time-consuming (it took two years to produce results).

10. There were a number of questions for the presenters, which centred around the following two points:

- Interaction with MNEs – how was contact initiated, did the MNEs see the benefit of cooperation, how were statistical concepts conveyed to those completing the questionnaires; and
- Revisions – did the project result in revisions, and how was confidentiality maintained in incorporating the revisions;

11. The presenters provided the following responses:

- In general, both countries found that MNEs were willing to cooperate on the understanding that this was a “one-off” exercise (*i.e.* it will not happen every time). It was best to try and get access to directors in the MNEs, in particular the Consolidation, Accounting and Tax directors. Assisting respondents in understanding balance of payments concepts was a useful exercise. Banque de France found that starting from their expertise, *e.g.* using P&L accounts and then working towards the balance of payments methodology, worked best.
- The German balance of payments current account was revised by approximately 10 billion euros and the French current account by between 2-3 billion euros. In both cases, the revisions were incorporated with other, normal, revisions and therefore confidentiality was preserved.

Item 3. The Digital Economy, Multinational Enterprises and International Investment Policy (Michael Gestrin, OECD)

12. This presentation identified three relevant policy implications for WPTGS:

- As digitalisation and digital technologies become part of the core business of non-digital firms, some of the policy challenges to which digital technologies have

given rise are likely to be magnified. Potentially, there will be more winner-take-all dynamics (a dynamic already seen in the digital economy), lighter asset footprints across sectors as firms push to become internet platforms. In addition, digital data is likely to become an increasingly important resource for firm-level and country-level competitive advantage.

- Digital policy, currently in its infancy, is likely to play an increasingly important role in shaping globalisation as digitalisation becomes a more important factor for the organisation of MNEs. Digital policy is now firmly in the sights of lawmakers and regulators in terms of national security concerns. Governments are considering the rules governing the collection, storage and use of digital data. Policy making faces a moving target as firms develop new hybrid digital technologies. . At the same time, protecting privacy, consumer choice should be addressed.
- The broadening adoption of digital technologies across different sectors, especially among MNEs, could result in a much broader geographic diffusion of these technologies, the digital infrastructure required and the productivity gains to which they are expected to give rise.

13. The comments centred around the statistical implications of the issues raised in the presentation. As a simple example, as nearly all companies have a digital component some queried the utility of a digital/non-digital distinction. In addition there were questions around accounting for data, where the OECD noted that to date there has been a degree of clarity on the monetisation of data within the accounting framework, with the view that as it is non-produced it should not be part of the production boundary.

14. Michael agreed with the comments, for example noting that in his presentation he used the term “hybrid” business models precisely because nearly all companies now have a digital component. He explained that there are already issues around undertaking statistical collections for the digital economy, and the measurement of data flows will certainly feature heavily in the future.

Item 4. Alternative data sources in combination with official statistics to measure the economic activity of foreign owned businesses in Australia (Michael Abbondante, Australian Bureau of Statistics [ABS])

15. Michael opened by saying that this new piece of work was released in August 2018. Described as an “opening gambit”, the sense behind the work is to be more agile with regards to the information needs of key stakeholders, to be comfortable with a “learning by doing approach” (especially regarding new data sources) and by leveraging existing data resources through data integration, and collaboration with stakeholders. The current exercise is a stand-alone project, and is a research tool underpinned by administrative datasets to create a statistical measurement resource for policy assessment and development.

16. As regards the data, the strategy of measuring the economic activity of foreign-owned businesses relied on the interaction of two key data sources, which while allied in theme were fundamentally different in construct. These were:

- Business characteristics sourced from taxation data, that is, business income data and VAT data. These were linked at the unit level within the Business Longitudinal Analysis Data Environment (BLADE). The benefits of using integrated data within the BLADE was that it provided a structured dataset, updated annually, and a

repeatable, cost-effective statistical solution. However, a limiting factor was that the latest linked information within BLADE relates to 2014/15;

- ABS industry aggregates (AIS) – industry division level variables used in the project ensured consistency with top-level ABS industry estimates, the official statistics acting as the anchor for the taxation variables.

17. In terms of insights, for 2014/15, there were 10,000 majority foreign-owned businesses in Australia and 1,200 companies with minority foreign ownership. They paid on average higher wages and salaries than Australian-owned businesses and produced more output per employee. They contributed 1/5 of total business value added of the Australian economy. Foreign direct investment in Australia for both majority and minority ownership supported 1 in 10 jobs. In terms of asset values, the top investor countries were the United States, Japan, the United Kingdom, Switzerland and China. The top industries for investment were financial and insurance, mining and manufacturing.

18. Michael recalled that one of the keys drivers for the project was to improve understanding of FDI. In this regard, the Australian Minister for Trade, Tourism and Investment had noted in the fifth annual investment statement to parliament that FDI is an important driver of productivity and exports and that foreign investment supports development of future industries in Australia.

19. Countries were impressed with the work that the ABS had generated. In particular the ability to produce policy relevant results through data linking and cooperation with data partners provided an additional edge to the data. There were some technical questions, *i.e.* were Special Purpose Entities (SPEs) investigated? How did the ABS link establishment and enterprise data? And could the dataset look at the impact of FDI specifically? There were also questions about further uses for the data and whether the ABS plans to continue this exercise.

20. Michael answered that SPEs were not investigated but it would be possible given the richness of the data sources, as would looking more into the FDI statistics. Linking of establishment data with enterprise data has been undertaken at the ABS for over 10 years now, allowing for robust methods notwithstanding the need for nuanced interpretations of the data. While there are no plans at present for this to become part of the ABS work programme, there is now the understanding of what is possible, and if it were to be done again, incorporating the lessons learnt.

Co-chairs summarised the joint meeting items

21. The ADIMA approach casts a wide net to capture information on MNEs in a transparent way that is useful to all WPTGS delegates. ADIMA confronts the challenges of economic ownership and identifying the locations of MNEs given their digital presence and connections around the world. It has provided new information which may not be obvious from traditional official statistics.

22. The OECD encourages countries to highlight current open data in their countries and to commit to opening other administrative data as much as possible. The information underlying ADIMA is open data, under no restriction. ADIMA is ready to serve as the foundation for an international collaboration to improve sharing of publicly available information on MNEs, limiting additional response burden on both companies and individual countries.

23. The chair thanked Germany and France for showing ways to navigate confidentiality laws, and better understand, and utilise, MNE data.
24. The presentation on the digital economy provided an update on emerging new patterns and challenges from digital companies. It addressed the fundamental question “What is a digital company nowadays?” and examined ways these companies can influence investment policies and statistics.
25. The final item of the morning, on the economic activities of MNEs in Australia, used an example which showed that with an innovation strategy, strong engagement and good data sources, official statisticians can be agile.
26. The co-chairs thanked participants and closed the meeting.

Working Party on International Trade in Goods and Services Statistics (WPTGS)

1. Welcome and Adoption of the Agenda

Item 1.a and b. Opening and welcome address

28. The Chair, Paul Farello (United States Bureau of Economic Analysis) welcomed delegates, and introduced Ludger Schuknecht, Deputy Secretary General of OECD, for his introductory statement. The speech remarked on frontier issues that the group is working on, as well as the relevance of trade statistics for policy analysis. Some highlights follow:

29. New phenomena, like Global Value Chains, Digitalisation, Base Erosion Profit Shifting and Inclusiveness; all of which have been affected by, or emerged as a result of, globalisation, demand in some cases completely new and innovative approaches to measurement.

30. Amidst rising trade tensions these efforts are perhaps more important now than they have ever been. Especially so as we witness a slowing in the pace of GVC expansion – a key driver of global economic growth for decades. WPTGS work on the trade and investment nexus is a crucial element of this broader package of policy enabling statistics

31. This is not the least the case because of its ability to better inform the debate around BEPS, which is very much at the frontier of today's efforts but absolutely centre stage in terms of its importance. The DSG further remarked on the efforts being made in many countries to introduce dedicated teams of Large Case Units to investigate transactions by and between MNEs and he strongly encouraged other countries to consider doing so.

32. He further noted that his belief that the work of the OECD on developing a new Analytical Database on Individual Multinationals and their Affiliates (ADIMA) would be able to feed into these efforts. Such data can also provide new insights on globalisation and the role of MNEs more generally.

33. The DSG also commended WPTGS on their forward looking and leading activities such as the Handbook on Measuring Digital Trade, and in particular efforts to look at the valuation of data.

Item 1.c. and 1.d. Approval of the 2018 WPTGS minutes, adoption of the agenda and election of WPTGS Bureau Members

34. Delegates approved the minutes of the 10th WPTGS meeting and the agenda for the 2019 WPTGS meeting was adopted.

35. Current WPTGS Bureau members are Paul Farello (United States Bureau of Economic Analysis, Chair); Gerardo Durand (INEGI, Mexico); José Antonio Isanta Foncuberta (INE, Spain); Denis Caron (Statistics Canada); and Ilda Duarte Fernandez (Destatis, Germany); with two vacancies. Ilda Duarte Fernandez is currently on maternity leave, and after returning to Destatis will take a new position outside the International Trade field. José Antonio Isanta Foncuberta was unavailable for the meeting, however will be available for future meetings.

36. The WPTGS Bureau proposed Tatiana Mosquera-Yon (Banque de France) and Fabienne Fortanier (Central Bank of the Netherlands) to fill vacancies within the Bureau. These changes were accepted and agreed to by the Group.

2. Measuring Multinational Enterprises: Data Linking and Big Data Approaches

Item 2.a. Measuring Dutch and foreign multinationals contribution of the Dutch economy and work force (Michael Polder, Statistics Netherlands)

37. With the increasing presence of multinationals leading to higher levels of investment in R&D, employment and trade, there is a pressing need for policy to understand the impact from these MNEs. Statistics Netherlands presented analysis on the breakdown of firms by ownership and size: non-multinational SMEs (domestic); non-multinational large (domestic); domestic multinational SMEs; domestic multinational large; and, foreign multinational. The study highlighted:

- The importance of MNEs in terms of output and employment, especially foreign MNEs;
- Their relatively higher contribution to international trade;
- Important indirect effects, as SMEs produce for MNEs; and
- MNEs are more productive and profitable, and have the highest share of highly educated and high wage earners.

38. Questions included: whether the analysis could be extended to other indicators (e.g. FDI, international investment income); could increases in MNE activity be explained by factors such as mergers and acquisitions; and what data were used for the international trade component.

39. Statistics Netherlands responded that it is possible to include the additional components mentioned and this could be interesting; it is possible that the increase seen in MNE activity could be the result of mergers and or acquisitions, Statistics Netherlands has information to verify this; and national accounts data was used to benchmark the work.

40. The Chair noted that several countries are interested in accounting for firm heterogeneity in GVCs; Canada is also working on this. International investment income flows and detailed firm level transaction data are also encouraged.

Item 2.b. The EGR and Open data sources for retrieving information on multinational enterprise groups (Axel Behrens, Eurostat)

41. The EuroGroups Register (EGR) is a statistical business register of multinational enterprise groups in EU Member States and EFTA countries. The EGR was established in 2009; in 2017 there were 127,000 groups and 800,000 enterprises in the register.

42. Eurostat is aware that data is missing for some units outside of the EU and EFTA and that some information at the group level is incomplete. Web crawling techniques and different *open data* projects are seen as opportunities to increase the quality and coverage of the EGR. In 2018, Leipzig University was given a population of 73 group names to see if web-scraping could provide better coverage. While full coverage was not achieved (70 out of 73), matching results (e.g. employees, turnover) were robust.

43. The discussion and questions covered the general themes:

- Web-scraping: did Eurostat face any legal issues, for example having to ask permission from the data owners?
 - Commercial databases: did Eurostat investigate harvesting data from these?
 - Leipzig University: why did Eurostat get an outside organisation to undertake this project?
44. Eurostat responded:
- Only public information from DBpedia¹ was used – DBpedia is a database that puts Wikipedia into structured information.
 - Commercial databases were not used as they are very costly; in addition, Eurostat needs to be able to produce such information without being dependent on data providers.
 - Eurostat did a call for tender and Leipzig University won with its proposal.
45. The Chair outlined that the Euro Group Register (EGR) has made some progress using web-scraping techniques. The drawback according to the discussion is that there is a lack of quality assurance, and an inability to cross-reference the data to anything and thus validate the data.

Item 2.c. ADIMA and measuring MNEs’ digital intensity using Big Data (Diana Doyle, OECD; and Graham Pilgrim, OECD)

46. The objective of ADIMA is to provide statistics on the scale and scope of international activities of MNEs, taking a ‘whole of the MNE’ view. The focus of this presentation was on the measurement of MNEs’ digital presence.
47. The ADIMA project uses PageRank as a measure of digital presence. PageRank is a measure of where a random internet viewer will on average end up randomly clicking links. Hence, it is a function of the number of websites that link into the website and of the quality of those links.
48. The OECD asked delegates whether there is interest in a tool to determine whether a firm had a “digital presence” within a jurisdiction; it also asked their views on the use of digital presence for new measures of concentration, internationalisation and intra-country dependencies.
49. Delegates noted that this was thinking outside the box and an interesting way to think about digital presence. The key is to identify enterprises that have a digital presence but not physical presence in the country. They suggested that going forward, and to get the basics right, the OECD should focus on what digital presence is and define how to measure it, ensuring consistency with other projects such as measuring digital trade and the digital economy.
50. The Chair noted that the idea of calculating digital presence indicators (seen as a digital footprint) was warmly welcomed by the delegates. Digital presence though should not to be confused with digitalisation.

¹ <https://wiki.dbpedia.org/>

Item 2.d. BEPS and identifying data needs for profiling MNEs (Anne Moore, OECD)

51. Tax in the digitalised economy is one of the main areas of focus of the BEPS work stream. Firms can have a large role in the economy of a jurisdiction without a significant physical presence, particularly given the importance of intangible assets. The OECD tax policy team is working to find a consensus-based approach to this question.

52. Key issues and challenges for BEPS in terms of measuring MNEs are the valuation and assignation of ownership of intangible assets, the treatment of special purpose entities (SPEs), the lack of detailed information on foreign affiliates and outward investment. The BEPS team is currently working to finalise the BEPS country reports, however at present these reports will not have breakdowns at a detailed level due to confidentiality concerns.

53. The discussion centred mostly on issues relating to the lack of detail in the forthcoming country reports and how with more detail these would be of more use to statistical agencies. Another issue raised was the potential to ‘match’ these data against official statistics such as FATS and FDI, and while this has not been done yet, the OECD noted that it is in their work programme as a quality check measure.

3. Identifying and Explaining Trade Asymmetries

Item 3.a. Summary of bilateral asymmetry studies on international merchandise trade statistics (Glenn Barresse, United States Census Bureau)

54. The United States Census Bureau has been undertaking bilateral asymmetry analysis for a number of years now. These studies grew out of Bureau work in measuring “under-coverage” between the United States and Canada. The studies are normally triggered by an official request or query which highlights a serious issue, and follows an agreement between the Bureau and the country involved, including for example years of analysis, known measurable differences, etc. Past studies include Japan, Australia, Mexico, China, Brazil and Morocco. A current study with France is in progress, which will be finished by the end of 2019.

55. These studies have highlighted the most common causes of asymmetries:

- Valuation of goods;
- Trade systems variations;
- Country of Origin – Country of Shipment/export inconsistency;
- Classification of goods and timing of shipments; and
- Coverage or undercounting export statistics.

56. The main outcome of the studies has been, in all cases, a large reduction in asymmetries: for example, in 2000 the difference between US imports versus Chinese exports was 48%, while as of 2015 this difference was reduced to 1%.

57. The discussion mainly touched on questions around re-exports, revisions to official data, and what Census Bureau resources were to undertake the studies. The Census Bureau responded stating that no extra resources are made available, official statistics are not changed and that the Bureau has a special methodology for re-exports as they don’t have ‘country of origin’ for these statistics.

58. The main outcome from the presentation was that in-depth studies can significantly reduce asymmetries and in most cases, the cause of the asymmetry is a known common cause of asymmetries, what the Census Bureau call a ‘common difference’.

Item 3.b. Practical experiences and proposals for understanding and reducing trade asymmetries (Adrian Chesson, United Kingdom Office for National Statistics)

SDD/CSSP/WPTGS(2019)2

59. In recent years, the political environment in the United Kingdom has placed a lot of focus on international trade (goods and services) statistics. This increased focus has increased the importance of resolving trade asymmetries to analysts and the government who have asked the ONS to investigate and remedy. The ONS have started this process by identifying partner countries with the largest asymmetries with the United Kingdom. The next step involves contacting and liaising directly with these countries to understand the reasons for asymmetries.

60. Work with the United States BEA on international trade in services asymmetries has highlighted a number of methodological differences (both conceptual and related to classifications) that can explain a large proportion of the asymmetries. These include, for example: the BEA allocating services to the United Kingdom that originate in “Crown Dependences” (e.g. Jersey Island) which the ONS does not include (following ESA 2010 recommendations); passenger sea transport being captured by the BEA but not by the ONS; and Construction imports related to work done in the United States which are included by the ONS but not by the BEA.

61. Finally, in undertaking this work, the ONS believes that there is a lot that WPTGS and OECD can do to push the agenda of reducing trade asymmetries. It listed the following four proposals to the delegates for discussion:

- Increase international coordination.
- Creation of an international repository for bilateral asymmetries analysis, contacts and collaboration.
- Enhancing asymmetries resources both nationally and internationally.
- Implementing a formal approach to the reduction of asymmetries and international trade data reconciliation.

62. The presentation and proposals generated positive discussions. Delegates felt that the presentation was timely in the discussion surrounding trade asymmetries and pushed the WPTGS Bureau and Secretariat to take the trade asymmetry programme forward. In addition, delegates felt that in undertaking such work through WPTGS further points should be noted, these include:

- Need to build on existing work, for example, Mexico outlined methodology linked to the TiVA work that has been agreed to by Mexico, Canada and the United States. There is a need to ensure that past lessons learned, previous studies and the work undertaken by WPTGS, is included in moving forward;
- The issue of resources is one that needs to be kept in mind, countries felt that having international organisations push this work could perhaps help them secure additional funding; and

- Communication was a common concern of the delegates: trade asymmetries must be explained to users in a simple language. This includes outlining known reasons for trade asymmetries, for example classifications and conceptual issues, but also acknowledging that having zero asymmetries is hard to achieve.
63. The Chair noted the board's positive support and urged the Secretariat, in close cooperation with WPTGS, to move the trade asymmetry agenda forward. He also reminded delegates that this work originated from the need to have a balanced trade view in the compilation of global value indicators.

4. Feedback from OECD bodies

Item 4.a. Feedback from WPNA (John Mitchell, OECD)

64. John Mitchell from the OECD Statistics and Data Directorate, National Accounts Division (SDD/NAD) presented feedback on the current work of the various international national accounts groups in developing priority areas for national accounts, and work being undertaken by SDD/NAD.

65. The Inter-secretariat Working Group on National Accounts (ISWGNA) and the Advisory Expert Group (AEG) reconfirmed the priority areas for the SNA research agenda: globalisation; digitalisation; and, economic well-being and sustainability. Research groups will be created for each of the three areas, focusing on issues such as identifying economic presence and residency, valuation of free assets and free services, and distribution of household income. All this work will be submitted by ISWGNA to the United Nations Statistical Commission at its March 2020 meeting in presenting a way forward in updating the SNA.

Item 4.b. Feedback from the Trade Committee (Javier Lopez-Gonzalez, OECD)

66. Javier Lopez-Gonzalez from the OECD Trade and Agriculture Directorate (TAD) Emerging Policy Issues Division (EPI) presented on the joint work done with SDD in developing a typology for the analysis and measurement of digital trade in the context of the OECD Trade Committee. The typology has been very useful in breaking down the issues and enabling the trade community to focus discussions but also key to ensuring that the trade and statistical communities can talk or interoperate with each other.

67. Until better measures are available, analysis of digital trade has to proceed with caution and use existing statistics to shed light on particular aspects of trade in the digital era. For example, better data is needed on: digital transformation (digital trade enablers); digital trade flows (e.g. parcels trade, digitally delivered products, digitally enabled trade); and measures that affect digital trade (e.g. data-flow restrictions). Currently there are four issues that empirical evidence highlights:

- Digitalisation is not just about ICT sectors: it means more trade in goods and services;
 - Digitalisation allows you to reap more benefits from trade agreements;
 - Digitalisation gives rise to new relationships between goods and services; and
 - Firms which sell goods now care about services barriers (and vice versa).
68. Delegates wondered if the work undertaken by TAD could help with the WPTGS trade asymmetries programme, Mr Lopez-Gonzalez agreed but stressed the need for

understandable rules. The World Customs Organisation (WCO) stated that they are currently working on a standard for measuring digital trade (ecommerce) in goods and hope to make this available soon. The Chair thanked both OECD presenters for the interesting information showcased.

5. Digital Trade

Item 5.a. Measuring Digital Trade - 2019 Stocktaking survey feedback (David Brackfield, OECD)

SDD/CSSP/WPTGS(2019)3

69. The IMF-OECD 2019 Stocktaking Survey included a section on measuring digital trade (8 questions) that sought to better understand the issues countries are having and foresee having in measuring cross border digital trade. Some of the key points were:

- Legal issues exist when the digital intermediary is located overseas and there is no legal right to request information. However legal changes in a number of countries are providing new sources of information.
- Credit card transactions, MOSS (Mini One Stop Shop for VAT) and links with customs authorities were identified as other potential sources. However, the focus is often improving overall quality of statistics (usually of international trade in services) and not necessarily in measuring digital trade.

70. Delegates noted that the questionnaire was both useful and helpful. An option to reply to each question with ‘No changes from last year’ was proposed in order to decrease response burden.

Item 5.b. TFITS Handbook on Measuring Digital Trade (Nadim Ahmad, OECD)

SDD/CSSP/WPTGS(2019)4

71. Nadim Ahmad (OECD) presented the initial draft for the Handbook on Measuring Digital Trade. Key points were:

- The Handbook should be a ‘living document’, reflecting the digital environment where changes occur rapidly.
- Defining digital trade is not trivial, but views have coalesced around the idea of the nature of the transaction: digital trade is thus defined as “all trade that is either digitally ordered and/or digitally delivered”. This view extends the traditional trade framework beyond just Products but also to Producers, Nature and Users.
- The handbook proposes a reporting template, which is structured around important aggregations and provides guidance on ordering to deal with overlaps, but also is shaped around practicalities of what is currently possible.
- The presentation noted that work was ongoing, and highlighted potential developments from the ADIMA project which could identify when a digital intermediary exists by domain name.

72. Delegates discussed their own work in the area of measuring digital trade, and widely approved the definition and the reporting template. Delegates noted it was important to explore the whole story, as to why measuring digital trade was important and to

implement a step-by-step approach of how to get to the proposed reporting structure. The Secretariat noted comments and highlighted that despite the hurdles to implementation prioritisation should focus on the “low hanging fruit”.

Item 5.c. Measuring the internet economy in the Netherlands (Lotte Oostrom, Statistics Netherlands)

73. The presentation outlined a study undertaken to determine the size of the internet economy in the Netherlands. The analysis used data from the firm Dataprovider² on 2.5 million Dutch websites of which 900,000 belong to companies. The data included business information, ecommerce probability and content.

74. Of the 1.5 million firms in the Business Register around a third (550,000) were matched to a website. Around 430,000 websites relate to a passive online presence (*i.e.* for information purposes) and were excluded. This gives a universe of the internet economy which can then be used to determine that 4% of jobs and 8% of turnover is associated with the core of the internet economy in the Netherlands.

75. Mexico (INEGI) noted that it is collaborating with Statistics Netherlands to use this methodology as part of their upcoming Economic Census and encouraged other statistical agencies to do the same. The issue of digital intermediary platforms was raised, namely small businesses using these websites instead of having one themselves. Statistics Netherlands responded that they are aware of this and are, for example, currently in discussions with Facebook.

Item 5.d. Balance of payments and national accounts collaboration on estimating B2C transactions in Germany (Annette Meinus, Bundesbank)

76. Germany presented its efforts to include B2C transactions in their balance of payments statistics. Internet and digitalisation fundamentally changes the way people, businesses and governments interact and opens new windows to trade services internationally. Examples include video streaming, online games, the purchase of apps and cloud computing.

77. B2C micro transactions challenge compilers as their measurement often falls outside of the traditional collection systems. The approach therefore takes a bottom-up perspective focussing on particular sections of the online market: video on demand, music on demand, software, gambling, and cloud computing. Using a number of different data sources (including commercial ones), it was possible to estimate the imports of digitally delivered services in each of the categories above. The total estimated figure was €6.6 million in 2018.

78. The discussions focussed on the improvements of this information. It was highlighted that new data sources are constantly becoming available which should help to improve these estimates.

² Dataprovider.com transforms the internet into a structured database to help gain insights about companies.

6. Trade by Enterprise Characteristics (TEC)

Item 6.a. The UK approach to linking trade with business statistics (Katie O'Farrell, United Kingdom Office for National Statistics [ONS])

79. The ONS described its recent, and still ongoing, project to link international trade in goods and business statistics, noting however that the output is not strictly Trade by Enterprise Characteristics (TEC) data.

80. An experimental dataset was released in October 2018, covering annual merchandise trade information broken down by industry (2-digit SIC), product (1-digit SITC) and partner economy (≈ 250 territories). The compilation relied on two "big data" sources: a firm-level trade dataset (from the Customs authority) and the ONS Inter-Departmental Business Register, covering 2.6+ million businesses. The two were bridged using the 9-digit VAT codes common to both.

81. Looking forward, ONS's immediate next steps include better capturing complex international trade, e.g., using reporting and local unit information, industry linking, and improving automatic treatment of secondary disclosures. A similar exercise for services is also in development. In summary, the ONS is undertaking a large linking exercise to bring together trade and business statistics.

82. The presentation was well received by WPTGS delegates who saw in the exercise innovative ways to move forward.

Item 6.b. Preliminary results of developing a services trade by enterprise characteristics program in Canada (Jennifer Withington, Statistics Canada)

83. Statistics Canada described their proof-of-concept exercise to produce STEC, using, as a roadmap, earlier BEA work. The exercise responds to user demand, and aims at complementing already published TEC statistics.

84. In contrast to their TEC data which uses exclusively one source (customs information), STEC uses multiple sources (the annual reference survey of services, administrative sources, tax data, business register and employment survey, etc.), although not all sources include all desired information and not all can be linked every year.

85. First results have already shown, for example, the importance of SMEs in services trade, especially for professional firms like lawyers, while larger firms predominate by value, notably those with non-USA trade. In terms of quality, the consistency of the results over time is encouraging given sample rotations. The limitations identified so far are: incomplete coverage of units and sectors; estimating SMEs non-coverage; and the lack of information on number of employees for some enterprises.

86. Statistics Canada's next steps are to: enhance automated treatment; add more data sources; research missing information; improve knowledge of country of final destination/origin; improve treatment of SMEs non-coverage; develop a methodology for large transactions that are not directly surveyed; improve weighting patterns; examine employment more closely, including using stratification by employment as well as by category. They do not see STEC as being equivalent to TEC for the foreseeable future, though they expect to make improvements to overall data quality.

87. The group congratulated Statistics Canada on the exercise. A suggestion was to refer to the Eurostat-OECD's STEC Compiler's Guide, which includes advice on non-

linkable data and a Communications Guide on handling limitations and documenting the methods used.

Item 6.c. Update on services and services trade by enterprise characteristics, 2012 to 2016 (Franck Cheurfa, Banque de France)

88. Banque de France presented its recent model-based compilation of a STEC database for France, drawing on earlier experience from a 2016 project. The main sources are: the business register (covering around 6 million legal units by NACE activity and size class); and auxiliary data from ITRS (survey) and balance sheet data. All entities have a unique identifier so linking is not an issue. However, sampling patterns vary by unit size, from exhaustive monthly (top 500 enterprises) to limited annual sampling stratified by NACE and turnover for smaller firms. Import and export levels are predicted from the customs data by modelling estimators, via a multiple step-wise regression procedure.

89. Banque de France sees the way forward as moving from a “bottom” up approach (which only references already-published results at the end) to a “top down” method by first introducing the STEC dimensions into the production scheme of the ITS survey, and then allocating these to the legal units (this would solve the consistency issue and additionally avoid running so many models).

90. The group was impressed with the work from Banque de France, and questions, as well as suggestions, focused on the modelling methods used. Banque de France thanked delegates for these suggestions, and noted that the data is still in the experimental phase (first results were sent to INSEE in September), so there is still the ability to investigate new modelling options.

Item 6.d. Trade by enterprise characteristics (TEC) and services trade by enterprise characteristics (STEC): Next steps (George Papadopoulos, Eurostat; and Karo Nuortila, Eurostat)

91. Eurostat’s TEC database is well-established, with the EC regulation requiring 6 mandatory and 4 optional tables. Ongoing work continues to improve coherence across EU Member States and with business and balance of payments statistics.

92. The new FRIBS regulation will make the 4 optional data sets mandatory and tighten timeliness to t+10 (currently t+22). Communication with users remains an issue.

93. STEC is currently an experimental statistics development project. The Eurostat-OECD STEC Compilers’ Guide was issued in November 2017 and an article published in Eurostat’s Statistics Explained, February 2018 showing data for 15 countries. Future EU statistical legislation is needed to increase country coverage. The issue of non-linkable trade remains a challenge that needs to be explored further.

Item 6.e. 2020: OECD Services Trade by Enterprise Characteristics (Diana Doyle, OECD)

94. Diana noted that the OECD-Eurostat Compilers’ Guide for Statistics on Services Trade by Enterprise Characteristics is a strong resource for countries seeking to initiate STEC programmes as well as bilateral exchanges

95. One OECD proposal is to enhance ADIMA by incorporating international trade in goods and services. In this regard, the OECD is interested to know if countries are willing,

and able, to provide total imports and total exports of goods and services for the entire universe of global firms operating in their country.

96. Discussion covered both agenda items 6.d. and 6.e. Countries were appreciative of the OECD and Eurostat in providing the *STEC Compilers' Guide*, and see this as a valuable tool in aiding them. However, they also pointed out the major challenges (for example linking) in providing STEC data, and the resource implications for their institutions.

97. Providing additional data to the OECD for integration into ADIMA seems a worthwhile task, but certainly not an easy one. While countries were supportive, they would need to investigate what is required, and again, the resource implications. The OECD and Eurostat thanked delegates for their positive response and the possibility of receiving further STEC data.

7. Update on Services Trade by Modes of Supply

Item 7.a. Update on BEA's efforts to measure trade in services by modes of supply (Paul Farello, United States Bureau of Economic Analysis)

98. BEA's outreach to selected survey respondents highlighted that companies are reluctant to admit they have data, with only some admitting to tracking these types of transactions. After some initial investigation, the BEA decided to add modes of supply questions to its *2017 Benchmark Survey of Transactions in Selected Services and Intellectual Property with Foreign Persons*.

99. The questionnaire asks, for selected types of services, which share of the total transaction was delivered via Mode 1. Percentage ranges are given (<25, 25-49, 50-74, 75-89, 90-99, 100), and respondents should also specify whether the information provided is based on accounting records or estimated. Dollar values are then attributed based on the reported shares.

100. Feedback on the respondents' burden was mixed, but generally estimates could be supplied though with varying degrees of effort. BEA found no major objection to including questions in the 5-year benchmark and perhaps in the future in the quarterly survey.

101. The next steps include:

- Updating the modes of supply estimates for all four modes, including Mode 3.
- FATS: try to convert industry data into product data so a comparison of products across all four modes can be made.
- Add geographic dimensions once the new survey is running smoothly and add modes of supply questions to the Financial Services and Insurance Survey.

102. The audience raised concerns about the quality of the answers when respondents do not know what the values are because the company does not track this information, or "recall/general knowledge" to complete the questionnaire. The BEA agreed that this was a valid concern.

Item 7.b. The UK approach to trade in Services by Modes of Supply (Chloe Gibbs, United Kingdom Office for National Statistics)

103. Brexit has triggered massive interest in all types of international trade statistics, including trade asymmetries and modes of supply. The Eurostat modes of supply

“Simplified methodology” provided a very useful framework to help ONS exploit its International Trade in Services Survey and FATS statistics to estimate all modes of supply.

104. The ONS has, however, started to explore the possibility of direct data collection. They thus started a project with the objective of determining if enterprises could provide modes of supply data, identify the best survey approach and determine the adverse impact of the extra burden on response rates and quality of the existing survey.

105. Information, on a voluntary basis, was collected from a very small sample of enterprises (those where the ONS had built up a good relationship through their large cases unit). This allowed the survey design to be tested, to check respondents’ understanding of the questions and to assess the quality of responses. The outcome of this cognitive testing stage was that a larger pilot needed to be undertaken to ensure that, if these questions were added to the flagship ONS International Trade in Services Survey, quality and response rates would not decrease.

106. The pilot survey was sent with the quarterly survey in Q3 of 2018 to 100 businesses. It included the 10 largest traders, with adequate industry and regional coverage. Following a positive outcome, the questions were then added to the annual survey.

107. A result of the pilot survey was that the ONS decided to concentrate on Mode 1 data (the most significant amongst 1, 2 and 4) categorised by high-level product groups (there are no geographical proportions at this stage). As in the US case, respondents can use knowledge or recall, though apparently most do not use recall.

108. There was discussion on the ability of respondents to properly understand the modes of supply questions, whether the ONS has looked at integrating VAT data into the process and what is happening with Mode 3.

109. The ONS responded that there has been a number of interactions with respondents clarifying these questions (mostly through telephone calls), and there was no drop in the response rate. VAT data have not been used to date, but this is something that the ONS will look into. A future project is envisaged to investigate Mode 3.

***Item 7.c. Eurostat work on services trade by modes of supply
(George Papadopoulos, Eurostat)***

110. Eurostat updated WPTGS on the progress in its modes of supply work, undertaken in cooperation with several countries and the WTO. The Eurostat Task Force on Modes of Supply, whose purpose is to improve and promote an internationally agreed measurement of trade in services by mode of supply, met for the third time on 5 March 2019.

111. The Task Force has discussed national experiences, methodological challenges and a proposal for a compilers’ guide to complement MSITS 2010. The Task Force produced some estimates for EU exports and imports, using the Eurostat pilot model and based on publicly available data. For exports, Mode 3 is the biggest component at about 63% in 2015, followed by Mode 1 (27%), Mode 2 (6%) and Mode 4 (4%). Similarly, for imports, Mode 3 is the biggest component at about 60% in 2015, followed by Mode 1 (29%), Mode 2 (7%) and Mode 4 (4%).

112. Eurostat discussed ways that this work could be taken forward, including: improving estimates/assumptions in cooperation with international partners and countries; providing funding for EU countries to compile estimates; work on a compilers’ guide (international cooperation is needed); and coordinate more with the FATS community.

***Item 7.d. Progress made on Modes of Supply and Trade Asymmetries
(Andreas Maurer, WTO)***

113. As an introduction, Andreas set out the WTO's 4 building blocks they wish to see realised over time:

- The Geneva Dataset produced by WTO in close cooperation with UNCTAD and ITC, to and from (exports and imports) the world as a partner, broken down by sector and including where possible reported bilateral international trade in services data.
- The joint WTO-OECD balanced bilateral trade in services database with data for 1995-2012 according to BPM5 was released in 2017 and the aim is to update it to 2017 using BPM6 by end 2020.
- The global Trade in Services dataset by Mode of Supply (TiSMoS), an EU-funded project due to be released as an experimental database by mid-2019.
- The Integrated Trade Intelligence Portal (I-TIP³), itself composed by reunifying 4 components: GATS commitments; services commitments in regional trade agreements; applied regimes; and service statistics.

114. The presentation then focused on TiSMoS. Such data is needed for monitoring and surveillance purposes, academic studies, and requires the production of an analytical (*i.e.*, not statistical) dataset aligned with the commitments in GATS. The database is compiled using data reported by national authorities (to the extent possible) and complemented with estimations – adhering MSITS2010 recommendations.

115. The basic approach was to use existing balance of payments and FATS data, with the data gaps filled with estimates. Where available, individual country information on modes of supply were incorporated, while the MSITS 2010 simplified allocation was used for the others. Additional data sources (tourism statistics, TEC, STEC) were used to refine the estimations in order to meet the GATS needs.

116. The Chair noted that this was a nice step forward for modes of supply, giving a broad view. He noted that initially the United States was reluctant to get involved in compiling modes of supply estimates but have found that they are now much more comfortable issuing even experimental estimates. These estimates, in fact, attracted attention and were useful for many users.

117. The WTO encouraged countries to investigate compiling modes of supply data, even just for one mode. The modular design of the TiSMoS database allows WTO estimations to be replaced with hard country data over time, therefore the more data the better.

8. TiVA

Item 8.a. TiVA indicators: 2018 edition (Norihiko Yamano, OECD)

118. The OECD released an update of the TiVA database in December 2018. New features include the adoption of SNA 2008 and ISIC Rev.4, and the increased use of official statistics for non-target economies. This has an impact on the industry classification,

³ <http://i-tip.wto.org/services/default.aspx>

capitalisation of R&D and goods for processing. A comparison between TiVA 2016 and TiVA 2018 showed, in general, a fall in the service content of exports and in the foreign VA content of exports, although trends remained similar.

119. The OECD noted it would appreciate more data from member countries, especially for sectoral value added, and ideally data on firm heterogeneity (within the manufacturing industry) if available.

120. Delegates noted that there is growing interest in TiVA estimates, and therefore going forward it is important to improve the quality of data, and increase transparency as to how the OECD TiVA estimates are compiled. An issue, discussed at previous meetings, is the need that countries have to understand why their estimates differ from the OECD estimates.

121. The OECD responded that it aims to have transparent data sharing processes with other initiatives in the near future. Comparisons across the different data sources are now possible and OECD is in discussion with the European Commission to examine differences in compiling TiVA between the two organisations.

Nadim Ahmad (OECD) stated that the Expert Group on Extended Supply and Use Tables (EGESUTs) is now a formal body of the OECD. Countries are invited to participate and currently, 14-15 countries are in the process of producing ESUTs.

Item 8.b. APEC-TiVA (Lin Jones, United States International Trade Commission [USITC])

122. The project, initiated in 2014, is jointly led by China and the United States with wide participation from APEC countries. The main objectives are to construct an APEC TiVA database and undertake capacity building. USITC noted that international collaboration has been strong with synergies across the regional TiVA initiatives.

123. USITC will share (and integrate) data with the OECD once the project is completed, which is expected in 2019. Preliminary results show, among other things, a slight increase in foreign value added share in gross exports due to increased intermediate imports in recent years.

124. The discussion highlighted the strong synergies across the various regional TiVA initiatives and the importance of using common inputs, quality and methodology in their construction, as differences remain large.

Item 8.c. North American TiVA (Paul Farello, BEA; Gerardo Durand, INEGI; and Denis Caron, Statistics Canada)

125. The NA-TiVA initiative has three work streams: 1. International trade in goods and services reconciliation; 2. Supply and Use Tables (SUT); and 3. A methodological ‘white paper’ to formalise and describe the work carried out by the group (vital for transparency). The aim is to have the database finalised in 2019.

126. Mexico described the main steps used to achieve trade data reconciliation. They also highlighted efforts to deal with complications raised by re-exports following feedback from the OECD, and also challenges in estimating re-exports. Mexico noted the importance of the bilateral trade asymmetry meetings at the OECD for discussing trade asymmetries, while the United States noted the first milestone of the NA-TiVA work group is the construction of the regional SUT.

Item 8.d. FIGARO update and the development of an SUT analytical tool (José M. Rueda-Cantuche, European Commission Joint Research Centre)

127. The FIGARO database was released in April 2018. The accompanying methodological notes, the “FIGARO book”, was released in March 2019. The presentation outlined the background and methodological framework of the FIGARO initiative.

128. In undertaking a collaborative approach, Eurostat utilised the OECD International Transport and Insurance Costs of Merchandise Trade (ITIC) database to calculate CIF-FOB margins. Eurostat also invited Belgium and the Netherlands to help solve asymmetries for these countries.

129. The discussion saw a number of countries and International Organisations support Eurostat’s push to improve the transparency around the compilation of FIGARO and TiVA estimates in general (in particular differences between the regional initiatives). Additionally, some EU countries offered to work with Eurostat to help resolve national data issues in FIGARO.

130. Eurostat welcomed the comments on transparency and institutional arrangements and noted that the project has a steering board which aims to ensure these needs are met.

Item 8.e. Market price (FOB) approaches for TiVA (Nadim Ahmad, OECD)

131. The presentation outlined that, while TiVA focusses on the producers view and follows the basic price concept, distribution margins are much larger than typically realised and non-negligible. This matters for how users view the distribution of trade prices and, therefore, matters for the interpretation of TiVA indicators, especially as in practice it appeared likely that observed distribution margins in SUTs also embodied other components of value such as intellectual property. The OECD_SDD noted that they will continue to develop estimates around market price concept going forward with a view to releasing data in the medium term.

Item 8.f. Finland in GVCs (Tommi Kaatrasalo, Statistics Finland)

132. The presentation provided an update on the joint Statistics Finland-OECD project, building on the Nordic GVCs project, to provide granular statistics on Finnish GVCs.

133. The joint project will combine the OECD’s expertise in compiling TiVA estimates with Statistics Finland’s expertise in linking Finnish microdata. This approach will speed up the compilation of Finnish TiVA indicators.

134. During the discussion, the OECD stated that any countries seeking assistance by the OECD in fast-tracking compilation their ESUTs should inform the OECD Secretariat.

135. Delegates asked questions around the microdata linking (namely whether this would be incorporated into the annual work programme).

136. Statistics Finland replied that the project is being designed so that this will not become a one-time exercise, but can be integrated into the business register.

Chair’s summary of item 8

137. In the TiVA item, speakers presented a wide range of regional TiVA initiatives. From the presentations and the discussion that followed, it became clear international collaboration within, and synergies across, TiVA initiatives are strong. Speakers also noted they could build on the joint OECD-WTO TiVA initiative and take advantage of OECD

work on trade reconciliation and CIF-FOB margins. A recurrent theme in the discussions, is the need for coherence, clarity and transparency of the methodologies underlying the TiVA estimates.

9. Measuring Global Production

Item 9.a. New BEA research on measuring goods for processing (Kristy Howell, United States BEA)

138. Currently, when goods are sent abroad for processing with no change in ownership, the BEA records trade in goods as if ownership has changed, contrary to BPM6 recommendations, that only exports/imports of processing services should be recorded. Attempts to measure those flows using surveys proved unsuccessful, hence the BEA is researching a new, profiling-based approach.

139. The initial effort focuses on simple production patterns (roundtrip trade for outward processing). First, using firm-level transaction data, an ‘upstream-ness’ index is computed to identify firms which are likely to be importing manufacturing services; then, the manufacturing services are estimated as a share of their total imports.

140. The BEA is well aware of the limitations of this approach (the estimated values most likely contain more than just the processing fee, and complex arrangements are not dealt with). It is nevertheless considered a first step and work is ongoing

141. Delegates offered their expertise in this field and some were interested in applying the same methods. The United States highlighted that the work, which could be applied worldwide, still remained in its early stages.

Item 9.b. Update on Global Production, Supply and Distribution Survey and results (Angela Yuan, Statistics Canada)

142. Canada presented their recent efforts to improve the measurement of inward and outward processing activities, merchanting activities factory-less production (Canadian goods manufactured abroad).

143. Attempts to utilise an administrative data source were unsuccessful due to information gaps, hence the presentation focussed on the results of an exploratory survey on global supply, production and distribution chain activities (carried out in 2017). The results indicate that a number of Canadian firms are involved in processing activities but the trade values are relatively low (also possibly due to the small sample size).

144. The survey will be repeated for the reference year 2018 and the final survey results will be compiled and released as a research report/paper. However, alternative approaches will be explored (such as changes in the custom forms to include ownership information), as the survey approach is not considered a feasible long-term solution.

Item 9.c. Cross-checking International merchandise trade and BOP populations to identify processing in Germany (Annette Meinus, Deutsche Bundesbank)

145. Annette Meinus presented efforts by Destatis and Bundesbank to improve the measurement of manufacturing services. The project aimed to identify data gaps in the reporting of manufacturing services in Foreign Trade Statistics and balance of payments statistics using linked microdata.

146. Stage 1 of the project involved clarifying the legal situation and technological/methodological issues. Transmission of confidential data from Destatis to Bundesbank has no legal basis, so a secondment from Bundesbank to Destatis was necessary.

147. Stage 2 linked the data, and analysed the results. There was poor matching with inward and outward processors, as they have data matching rates of 7/43 (16%) and 29/63 (46%) respectively.

148. Stage 3 investigated the reasons for these poor matching rates, and methodological reasons were often the cause. A primary issue related to incorrect classifications often being used by countries.

149. Delegates welcomed the report and highlighted they were facing the same challenges. In discussions, Germany highlighted that the future path for this work is unclear as this involved significant work, particularly in understanding the business models of each company involved.

Item 9.d. Update on UNSD Activities (Vysaul Nyirongo, UNSD; and José M. Rueda-Cantuche, European Commission Joint Research Centre)

150. Vysaul Nyirongo (UN) presented on UN activities including capacity building, methodology revisions and data dissemination plans. José Rueda-Cantuche provided an overview of an Introduction to Accounting for GVCs through use of satellite accounts and integrated business statistics.

151. UNSD informed WPTGS that a Handbook on Accounting for Global Value Chains is now online.

10. Updating BPM6

Item 10.a. Progress Report on the research agenda towards the update of BPM6 (Silvia Matei, IMF)

152. The IMF presented an overview of progress on the BPM6 update research agenda (overseen by BOPCOM) focusing on areas of research which are relevant to WPTGS.

153. An SPE Task Force (TFSPE) concluded its work in 2018 to enable better cross-country SPE data compilation including a definition, decision tree and typology and reporting template. Following a feasibility survey, countries are now encouraged to collect annual 2020 data for resident SPEs to disseminate in 2021.

154. The Task Force on the Informal Economy (TFIE), which forms an important part of several countries' economies, produced a report summarising a global 2018 survey on existing national practices. Recommendations will be made at the 2019 BOPCOM meeting.

155. BOPCOM has started to examine crypto assets, identifying two categories: Bitcoin-like crypto assets (BLCAs); and crypto assets other than BCLAs (digital tokens). The proposal in the IMF presentation is to (provisionally) classify BLCAs and digital tokens without counterpart liabilities as produced non-financial assets, as a distinct sub-category under valuables (noting that the discussions on the appropriate treatment are on-going, for example there is an argument that they should be recorded as non-produced assets). Digital currencies issued by central banks, as well as securities issued by other institutional units where a liability is recognised, are to be classified as financial assets irrespective of the transfer technology. IMF is in the process of incorporating comments from BOPCOM,

together with the Inter-Secretariat Working Group on National Accounts (ISWGNA), and the Government Finance Statistics Group. BOPCOM will continue to monitor the evolution of crypto assets to ensure their appropriate treatment.

156. The top priorities identified for BOPCOM's 2019 research agenda are:

- Prepare a backbone paper for BOPCOM's multiyear research agenda to identify main priority items;
- Finalise the work of the Task Force on the Informal Economy;
- Report on the results of the ongoing OECD-IMF Working Group on Balance of Payments Statistics relevant for Global Value Chain Analysis;
- Advise on the implementation plan for Special Purpose Entity data collection; and
- Develop guidance on the treatment of reserve assets for members of centralised currency unions.

Item 10.b. Use of invoice values in balance of payments - 2019 Stocktaking Survey feedback (Graham Pilgrim, OECD)

157. The presentation briefly described the outcomes from the IMF-OECD 2019 Stocktaking Survey, based on a 2018 WPTGS proposal from the Bundesbank, to research the feasibility of using invoice values to record international merchandise trade transactions.

158. Use of invoices, as noted in the survey, would have the following advantages: avoid the need for CIF/FOB estimations; possibly help in reducing trade asymmetries; and align methods for external trade valuation with those used for domestic trade.

159. Replies were received from 78 countries. Three questions were asked: initial views on using invoice data; its feasibility; and opinions on a Pilot Study. Responses were categorised into three distinct groups: 25% in favour; 25% unsure, but wishing to see further work done; and 50% against.

160. The overall evaluation is that while the proposal is generally thought to be unfeasible, there is a feeling it warrants further investigation. A number of countries expressed interest in participating in a pilot study.

Item 10.c. Update from IMF BOPCOM/OECD working group on BOP indicators relevant for GVC analysis (Silvia Matei, IMF)

161. Silvia reported on progress in the joint OECD-IMF Working Group on Balance of Payments Statistics relevant for Global Value Chain Analysis (WG-GVC).

162. The IMF-OECD 2019 Stocktaking Survey included a section on GVCs which produced 76 responses. Questions focused on the availability (by geographical and product breakdown) in the balance of payments goods component for: re-exports; goods acquired/sold under merchanting; and compiling a reconciliation table, similar to BPM6 Table 10.2 (*i.e.* between IMTS and balance of payments trade in goods). For services, information was sought on the geographical breakdown of EBOPS categories for the most relevant products. Regarding travel, only 20% of respondents said data are already available, though not always published, for the supplementary breakdown by product (goods and main service categories purchased/sold).

163. Overall, it is clear from responses that the more granular the data required the greater the challenges of confidentiality. The major constraints identified were weaknesses in existing source data, compounded by resource shortages and reluctance to increase reporting burdens, and concerns about confidentiality, especially for merchanting.

164. Looking forward, the WG-GVC will assess the feasibility of developing a GVC reporting template and submit a proposal for discussion at the 2019 BOPCOM meeting.

165. Countries commented that a number of the new data demands, *e.g.* GVC indicators for the balance of payments current account, are going to involve the creation of large databases that in many cases will mimic IMTS. This needs to be reflected on, and carefully considered, before such demands are introduced into updated manuals.

166. The IMF noted this, and answered that this was partly behind creating templates, to see what is feasible and providing a concise reporting framework (*i.e.* not asking for everything).

11. Draft conclusions of the WPTGS meeting and future work program, date of next meeting

167. The Chair presented the Bureau conclusions (see beginning of this document).

12. Closing of the meeting

168. The Chair thanked all the presenters, participants, translators and the Secretariat, and closed the meeting.

Participants list for Working Party on International Trade in Goods and Trade in Services Statistics (WPTGS)/Liste des participants pour Groupe de travail sur les statistiques de commerce des biens et des services (WPTGS)

27/03/2019 - 29/03/2019

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