

**Title:** *World Trade and World Production: Real Figures?*

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Official statistics show an enormous growth in world trade and world production over the last decades. However, we have to conclude that the underlying statistics, although they use internationally agreed concepts and methodology, do not in all respects reflect economic reality. The real growth in terms of physical production and economic results from international trade has been smaller than the statistics suggest.

For the Netherlands a substantial share of total exports consists of re-exports, which means that imported goods leave the country again without having undergone much processing and without much value having been added. For these exports not only the value added is counted in the export statistics, but the total value of the product also shows up in Dutch export figures.

Furthermore, part of Dutch domestic production, as counted in the official statistics, has not been produced on Dutch territory. This may cause double registration and may also cause inconsistencies with imports and exports statistics.

The Dutch economy is not representative for all (European) countries. Nevertheless: the phenomena described do occur in other countries as well, and for some countries with open economies the figures are as high as in the Netherlands or even higher. On the level of the European Union we estimate – and this is a conservative estimate on the basis of assumptions – total re-exports worth at least 500 billion US \$ and a domestic production of 22 billion US \$ produced elsewhere. On a global level, these figures are at least 800 billion US \$ re-exports and 27 billion US \$ of production produced in other countries.

We recommend to collect more detailed information on production and trade, to admit the possibility for policymakers and scientists to use different points of view, while using the data. With respect to production we propose to distinguish between real domestic production, intra-firm contract processing abroad and extra-firm contract processing abroad. With respect to exports we propose to distinguish between exports from domestic production and reexports, and to collect information on total value and value added for the re-exports. Quasitransit should be measured as well.