

Abstract for “Measuring International Trade and Economic Globalization”

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In recent years, concerns were raised about the shortcomings of the existing official trade statistics, since they do not reflect the changing business practices and could be misleading for the non-expert user. The high level of import content in exports makes gross bilateral trade statistics unsuitable for bilateral trade negotiations, and requires new measures which better reflect the unprecedented level of interdependency among countries engaged in global value chains (GVCs). In order to understand the true nature of trade relationships, we need to know what each country along a global value chain contributes to the value of a final product. We also need to know how that contribution is linked to those of other suppliers in other countries coming before and after along the chain, and how much employment is generated through this value addition.

The global economy is increasingly structured around GVCs that account for a rising share of international trade, global GDP and employment. GVCs link firms, workers and consumers around the world and often provide a stepping stone for firms and workers in developing countries to integrate into the global economy. A GVC describes the full range of activities that firms and workers perform to bring a product from its conception to end use and beyond. This includes activities such as design, production, marketing, distribution and support to the final consumer. The activities that comprise a value chain can be contained within a single firm or divided among different firms. In the context of globalization, the activities that constitute a value chain have generally been carried out in inter-firm networks on a global scale. Within this changed economic landscape, more complex measures of trade and production are necessary both on micro- and macro-economic level.

This paper presents a new research agenda as drawn up by the Friends of Chair group on International Trade and Economic Globalization under the auspices of the United Nations Statistical Commission. The paper also presents examples of some pioneering work in this respect by Statistics Canada and Statistics Netherlands.