

Abstract for “Main Findings of the UNECE Task Force on Global Production and their Implications for Macroeconomic Statistics and Analysis”

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This paper follows up on the work carried out by the UNECE Task Force on ‘Global Production’. The Task Force plans to finalise its work by the end of 2013, and circulate its final report for global consultation in early 2014.

The following issues are currently under review by the Task Force: (a) typology of global production arrangements, (b) treatment of ‘factoryless goods producers’ (in terms of industry classification and measurement of output), (c) determining economic ownership of assets inside multinational enterprises, including intellectual property products, (d) treatment of multiterritory enterprises, (e) recording of merchanting of services, (f) treatment of quasi-transit trade and (g) data challenges related to global production in general (e.g. industrial processing, merchanting and factoryless goods production) and ‘large and complex cases units’ that some national statistical institutes have established to solve data challenges and improve consistency of data on multinational enterprises across statistics.

Globalization puts the concept of a ‘national economy’ to the test. The main goal of the Task Force is to provide guidelines for breaking down global production chains, including those encapsulated by multinational enterprises, on a country-by-country basis. The paper examines some of the most prominent recommendations of the Task Force in this regard; their feasibility in terms of implementation and the way they are expected to improve macroeconomic statistics and analysis in the near future. This examination includes the feasibility of compiling separate accounts for companies participating in global production chains and recording the trade relationships inside these chains. In this context a key focus is put in the paper on production, use and transfers of IPPs. The paper also critically reviews some of the key principles underlying economic accounting, namely ‘economic ownership’ and the ‘recording of transactions based on ownership transfer’.