Measurement of Global value Chains and International Sourcing

Working Party on Globalisation of Industry
May 19, 2011

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- International Sourcing survey
- International Sourcing micro data linking
- Global Value Chains/International Sourcing
International Sourcing survey

- Relocation/movement of existing functions/activities that are performed in-house or domestically sourced to either non-affiliated (external suppliers) or affiliated enterprises located abroad

- Within the project a methodology to measure international sourcing was developed

  - Successful with high response rates
  - Addressed new field not previously covered by official statistics
  - Provided valuable qualitative information on International sourcing
Destination of international sourcing

Intra-EU-27
Other European countries
China
India
USA and Canada
Other countries
International sourcing manufacturing/services

Manufacturing: CZ* 36.0% DK 17.6% DE 6.4% IE 29.4% IT 6.4% NL* 11.2% PT* 19.8% SI 8.8% FI 28.5% SE 16.5% UK 24.1% NO 11.6%
Other Sectors: Total 23.0% CZ* 6.3% DK 19.9% DE 3.4% IE 20.2% IT 19.1% NL* 19.1% PT* 6.0% SI 27.7% FI 10.0% SE 2.4% UK 24.7% NO 0%
Micro data linking of international sourcing

- Further utilise the International Sourcing survey results to provide quantitative information on economic and employment impact

- Create valuable methodological knowledge on micro data linking of an ad hoc survey with on-going surveys
Micro data linking of international sourcing

- Statistical data sources used:
  - International sourcing survey
  - SBS survey
  - International trade in goods survey

- Develop a methodology on micro data linking
  - to match enterprise level statistics from above surveys
  - to further utilise/analyse the International Sourcing survey results
Expected results

Impact on economic performance:
- to what extent (if any) International Sourcing of enterprises is linked with improved growth, value added creation, profitability and productivity

Impact on employment:
- employment in the enterprises having carried out International Sourcing will be compared with a control group of enterprises having not sourced in order to analyse the employment patterns at enterprise level

More detailed statistics by further utilising the International Sourcing survey results
- This analysis is expected to give new insights into the on-going internationalisation of enterprises and supplement the already published International Sourcing survey results
Sourcing to China, manufacturing/services

[Bar chart showing the percentage of manufacturing and services sourced from various countries (NO, CZ, SI, NL, PT, IT, FI, DK, IE). The bar chart indicates the proportion of manufacturing and services sources for each country.]
Sourcing to India, manufacturing/services

Manufacturing

Services

DK
NL
IE
FI
IT
NO
PT
CZ

%
Motivation: Reduction of labour costs

- Sourcing internationally
- Sourcing to India
- Sourcing to China
Enterprises sourcing R&D functions and engineering functions

The diagram shows the percentage of enterprises sourcing R&D functions and engineering functions in various countries. The countries included are CZ, NO, IT, SI, FI, NL, IE, DK, and PT.

- **R&D functions**
  - CZ has the lowest percentage among the countries shown.
  - IE has the highest percentage for R&D functions.

- **Engineering functions**
  - PT has the highest percentage among the countries shown.
  - NO has a significantly lower percentage compared to other countries.

The x-axis represents the percentage, ranging from 0% to 45%, while the y-axis lists the countries.
Global value chains encompass the full range of functions and tasks that are required to bring a good or service from conception through the different phases of production to delivery to final consumers, as well as potential after sales services.

IS/GVC builds on the definitions and concepts developed in international sourcing survey and micro data linking projects.

Work is expected to start in September 2011.
International Sourcing/Global Value Chains

ESSnet deliverables:
- Development of indicators on economic globalisation;
- Fine tuning, test and support the implementation of methodology to measure and carry out the survey on global value chains/international sourcing;
- Development of methodology on micro data linking covering existing registers such as Structural Business Statistics, Foreign Affiliate Statistics, Foreign trade, Research & Development and Global Value Chains/International Sourcing;
- Carry out and publish analysis based on globalisation indicators, global value chains/international sourcing survey and micro data linking on global value chains/international sourcing project results;
- Co-ordination, administration and organisation of meetings/seminars/workshops
Upcoming survey on global value chains and international sourcing – work is expected to start in November/December 2011

- The objective is
  - to update the information on international sourcing, i.e., to provide information on the situation affected by the financial and economic crisis
  - the survey also aims at producing information on the internationally fragmented production chains, and on the increasingly international fashion in which enterprises organise their production chains
Draft Questionnaire content:

• General information
• Value chain structure (end of 2010)
  – Business function abroad: foreign affiliates
  – Business function abroad: external suppliers
• International sourcing (2007-2011)
  – International sourcing of business functions
  – International back-sourcing of business functions
  – Tasks received due to the international sourcing
  – Barriers to international sourcing
  – Location of support functions
• Other changes in value chain activities 2007-2011
• Future structure of value chain 2012-2015 (optional)
  – Future Plans for Foreign Affiliates
  – Future Plans for International Sourcing
Micro data linking

- Upcoming micro data analysis, starts during the 4th quarter of 2012
  - The objective is
    - to build upon existing experiences on linking enterprise level data from an ad hoc survey like International Sourcing with results from on-going surveys such as SBS and Foreign Trade
    - to improve the existing methodology
    - to add new data repositories from FATS, R&D surveys and probably others
Workshop on globalisation related issues in Luxembourg
June 30 - July 1, 2011


http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Global_value_chains_-_international_sourcing_to_China_and_India