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EUROSTAT'S RECENT ACTIVITIES IN ADDRESSING GLOBALISATION

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Introduction

This paper presents actions undertaken recently by Eurostat to address the challenge of globalisation. The on-going cooperation between Eurostat and the Joint Research Centre of the European Commission in the area of compilation of input-output tables, the stronger focus on consistency of national accounts and balance of payments and the internal review of globalisation arrangements in Eurostat acted as drivers to consider consolidation of efforts in the area of national accounts. These three streams of work are presented in the paper as well as the lessons learnt from the intensified cooperation with business statistics.

On-going globalisation related projects in national accounts

Since some years, Eurostat and the Joint Research Centre of the European Commission have been cooperating to make possible that the available national accounts data tell more about globalisation. This chapter presents two such projects, namely on the “European consolidated Input-Output Framework integrated into a Statistical Reference Framework on Competitiveness” (called TIMESUT3) and on the “European multi-country Supply, Use and Input-Output tables (EU-MC-SUIOT)” (called FIGARO).

The TIMESUT3 project aims broadly at extending the coverage of data on growth, productivity and competitiveness available to users. It encompasses two interrelated topics:

- The construction and/or estimation of a time series of European consolidated supply, use and input-output tables from existing national data, both at current and previous year prices. This is expected to serve the European Commission to get a deeper insight into the concepts of European competitiveness.

- The establishment of a statistical reference framework on competitiveness and a set of coherent competitiveness indicators, which aim to serve the European Commission to measure European competitiveness across countries and/or industries and to make forthcoming European competitiveness policies more efficient.

This statistical reference framework on competitiveness is presently under elaboration and considered in three layers: broad competitiveness dimensions, sub-dimensions and selected competitiveness indicators. The broad dimensions of competitiveness\(^2\) are aligned with the current policy directions as spelled out in the Europe 2020 agenda. One of them is the globalisation represented by six sub-dimensions: Trade and FDI, Value added and employment in trade, Trade in value added, Global Value Chains, Technology transfer and ICT usage and Import dependence. Each of these sub-dimensions will be linked to indicators which are presently under consideration. The choice and availability of indicators is however constrained by various reasons to name only the availability of underlying European statistic or

1 FIGARO stands for Full International and Global Accounts for Research in Input-Output Analysis

2 The five dimensions are the following: macro-economic, micro-economic, globalisation, environmental and socio-institutional.
information about multinationals. Eurostat has made recently its first publications of economic
globalisation indicators\(^3\) and will continue to invest in this direction. At this stage, mostly external data
sources, primarily the OECD Trade in Value Added database (TiVA) database, are considered for the
indicators. This work showed unarguably the importance of further investment in globalisation indicators
to enrich the European statistics, especially for capturing those aspects of trade not recorded by the
traditional trade statistics. The TIMESUT3 project will deliver by the end of 2016 the first publication of
the aimed statistical competitiveness framework. It is expected that this work will help Eurostat to refine
the direction in which the globalisation indicators need to be further developed.

The FIGARO project has been just launched after one year of preparation. This project aims to
establish the framework, infrastructure and capacity to construct and publish EU-MC-SUIOT as official
statistics. The tables will serve to evaluate the European Union policies, e.g. in the environmental and
labour market area, and to assess the position of the European Union and the Euro Area in the world, e.g.
when it comes to productivity and competitiveness.

The main objectives of this project are as follows:

- to define a suitable methodological framework for the regular production of EU-MC-SUIOTs,
  including the analysis and treatment of specific issues producing inconsistencies or asymmetries
  in trade statistics and overall balance procedure;
- to construct EU-MC-SUIOTs at basic prices for the reference year 2010 based on
  SNA2008/ESA2010 methodology and the NACE Rev.2/CPA 2008/ISIC Rev. 4 classifications;
- to integrate the EU-MC-SUIOTs into Global (World) Supply, Use and Input-Output Tables, in
  collaboration with the OECD and UN;
- to propose a strategy for a regular production of Eurostat’s annual EU-MC-IOTs and five-yearly
  EU-MC-SUIOTs, linked to labour and environmental accounts and possibly with an extended
  SUIOT format using global business statistics.

The FIGARO project relates to the OECD TiVA therefore working relations between Eurostat and the
OECD will be defined in an annex to the Eurostat-OECD Memorandum of Understanding. The project will
run until the end of 2017. To implement it successfully, Eurostat identified as a critical factor the high
quality of international trade statistics. Four issues need to be addressed, namely the trade asymmetries,
the consistent classification system for all statistics related to international trade, the expected quality
improvement of trade in goods statistics by enterprise characteristics (TEC), and the development of
services trade statistics by enterprise characteristics (STEC).

**Stronger focus on consistency of national accounts and balance of payments**

The experience with the above mentioned projects shows that the delivery of statistical products
addressing globalisation necessitates not only development work but also high quality data. This applies
not only to the primary statistics but also the accounting frameworks.

The introduction of SNA 2008 and BPM6 made valid the question about data consistency of national
accounts and balance of payments. Since the methodological frameworks are fully aligned and have
addressed certain globalisation aspects, the user expectations about the data are raised. There is an on-
going consistency analysis of the rest of the world account in the national accounts and the balance of
payments data as transmitted by EU Member States and published by Eurostat. The first results clearly

\(^3\) [http://ec.europa.eu/eurostat/web/economic-globalisation-indicators/indicators](http://ec.europa.eu/eurostat/web/economic-globalisation-indicators/indicators)
indicate that inconsistencies still exist after the introduction of the new standards; however national compilers become increasingly sensible to reconciliation of issues between the two statistics and there is a diminishing trend in the occurrence of country-specific inconsistencies. Main issues are the following: uncoordinated compilation practices (in the services, primary income and financial account), inconsistent use of data sources in the compilation of the goods, secondary income and financial account, and different classification practices in the financial account (debt securities of FDI enterprises, debt securities or loans). The analysis will be completed by the end of 2015 and further discussed to identify appropriate improvement actions. Further review of the progress will be also necessary.

Reflection on national accounts and links to business statistics

These two streams of work, the research projects in national accounts and the quality analysis of the national accounts and balance of payments data, intensified the cooperation between the Eurostat’s units dealing with national accounts, balance of payments and business statistics.

Besides enabling the technical discussions, the contacts helped to realise the different way of how the EU expert communities are organised to address the globalisation.

In the EU business statistics, the reflection process on globalisation was structured with the help of the European Commission’s programme on “Modernisation of European Enterprise and Trade Statistics” (MEETS) implemented from 2009 to 2013. Within the MEETS action on developing new statistical areas, work was undertaken on the issues of enterprise groups, globalisation indicators and entrepreneurship. A dedicated project on global value chains implemented as joint Eurostat and Member States effort served to deliver the first analysis of data gaps and the improvement options. At the same time, an independent study on “Global Value Chains and Economic Globalization - Towards a New Measurement Framework”, known as the Sturgeon report, provided an external view. MEETS led to the launch of the project for framework regulation integrating business statistics (FRIBS). Number of globalisation related issues are presently addressed by this project. A high-level agreement on the way to go was achieved in 2014 when the European Statistical System Committee adopted the Riga Memorandum outlining the main directions for the work on global business statistics.

The experience of the EU business statisticians suggested that more concerted and coordinated effort can be considered in the areas of national accounts and balance of payments to pool the existing expertise and address the priorities. Eurostat is planning to discuss ideas for joint projects with the EU Member States to deliver on the macro-dimensions of globalisation and bridge them to the micro-dimensions addressed by the business statistics.

New Eurostat arrangements to address globalisation

In 2015, Eurostat reviewed its activities and coordination arrangements to streamline its output on globalisation. Although Eurostat and the European Statistical System have responded to the challenges of globalisation both between and within individual statistical domains, while cooperating with a wider international agenda, it was felt that the evaluation is timely and needed.

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The review acknowledged the challenges to respond to the globalisation:

- New data needs – users request information on linkages and cause-effect relationships across domains and across countries.

- Alignment of concepts – different conceptual approaches may be used across some statistical domains, and the approach to reflecting globalisation phenomena is not fully developed.

- Estimation of national data – disentangling the impacts to be recorded in national-level data when global corporations are involved, and the potential role of international cooperation.

These challenges are at worldwide level, not just at European level and require more international cooperation. Eurostat and the ESS can eventually find reasonable answers at European level but solutions are needed at international level, including non-European countries. Therefore Eurostat is looking at the OECD and the UN as counterparts for an even more intensified cooperation.

The review showed as well that the current internal Eurostat’s arrangements to address globalisation can be improved by a set of actions establishing a strategic layer and streamlining the responsibilities and the horizontal coordination. Eurostat is establishing presently a horizontal coordination group on globalisation which will appear officially in the Eurostat’s organisation chart as of January 2016. It will act under the chairmanship of the Eurostat’s Director General and involve statistical directorates/units covering the whole spectrum of primary data, accounting frameworks and indicators of interest to globalisation. This group is mandated to set up and steer the implementation of a comprehensive action plan on globalisation. Such a plan is needed since the internal reflection demonstrated the need to complement the ongoing activities at the different layers: globalisation indicators, accounting frameworks, primary statistics as well as statistical infrastructure, with new actions.

In relation to the accounting frameworks, a proposal for a new project called IGA\(^7\) which applies to the national accounts and balance of payments statistics is under consideration. It will address the issues of integrated global accounts and global production and their implications to the accounting frameworks at European and national levels. On the one hand side, this project is in response to initiatives at international level, namely to the work on the system of extended international and global accounts coordinated by the UNSD and on global production conducted by UNECE. The UNSD initiative in particular aims to suggest a system of extended accounts which together with the national accounts and balance of payments will form an integral international and global framework for decomposition and linkages of production, income, expenditures, assets, liabilities, and environmental-economic transactions across regions, countries, and industries. The project also is closely interlinked with the OECD work on trade in value added and the Eurostat’s FIGARO project. On the other hand side, the projects can offer consolidation of individual efforts of Eurostat (and possibly of the European Central Bank) and the EU Member States on globalisation.

\(^7\) IGA stands for Integrated Global Accounts
As currently discussed, the project will aim to improve the fitness of statistics provided by the accounting frameworks for analysis of globalisation by:

- Ensuring European input to the international work on global accounts and global production
- Achieving common European views on the related research items as far as possible
- Identifying the implications of the global accounts at European and national levels and the feasibility of delivery of an EU input to these accounts
- Ensuring full implementation of the international recommendations regarding global production at national level
- Enabling the knowledge sharing on globalisation for experts on national accounts and balance of payments statistics
- Raising the awareness of stakeholders on the core subjects.

This project, if supported by EU Member States, will be implemented in cooperation with the Member States and relevant international organisation. A possible start date can be considered in the second half of 2016.

**Conclusion**

The paper presented the most recent developments in Eurostat with respect to globalisation. The current state of play is such that there are more issues than answers to them. It is encouraging that the awareness about the globalisation challenges is increasing as well as the interest in addressing them in a collaborative manner. Within Eurostat there will be a formal structure to steer the work across the statistical domains. There are also ideas on how to join the efforts with the EU Member States. These ideas will hopefully materialise in projects in the coming year. Eurostat is also looking forward to even closer cooperation with the international agencies.