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OECD AND GLOBALISATION: ORGANISATIONAL ARRANGEMENTS AND HORIZONTAL CO-OPERATION ACROSS DIRECTORATES, WORK OF THE REFLECTION GROUP ON GLOBALISATION STATISTICS AND INDICATORS

Introduction

1. This paper sets out organisational change at OECD in response to analytical and statistical needs in the context of the globalisation process.

2. The OECD plays a leading role in helping policy makers understand the challenges and opportunities of globalisation. Analytical work in this area is underpinned by a significant effort to compile and disseminate globalisation indicators and statistics. This is reflected in publications such as the Handbook on Economic Globalisation and the Economic Globalisation Indicators, which cover areas related to trade, foreign direct investment, the role of multinational enterprises and technology diffusion.

3. Globalisation is a broad phenomenon however, also involving social and environmental policy concerns, including issues related to human capital, migration, health, climate change and natural resource use. To make OECD analysis on globalisation more effective and increase its relevance to policy makers and other stakeholders, there is a need to broaden the scope of existing globalisation statistics to include – inter alia – social and environmental aspects.

4. To improve the effectiveness of OECD’s work on globalisation, the need has been identified to strengthen OECD’s efforts to increase the availability, visibility and accessibility of data in this area.

5. Therefore, a focal point on globalisation statistics is needed. Efforts in this area will include the creation of a web page presenting all OECD globalisation-related indicators, as well as a single repository for globalisation statistics and indicators. OECD hopes this will increase the usefulness of its work to member countries and help build synergies with other international organisations, academia and civil society.

6. Indicators and statistics are important tools to support OECD policy analysis, making it deeper and more comprehensive. This is especially the case for OECD’s analysis of globalisation. Efforts in this area are essential for the OECD to fulfil its mandate and become the hub of globalisation.

I. The Reflection Group

7. In January 2007, the OECD’s Chief Statistician proposed to the OECD Statistical Policy Group to launch an initiative concerning globalisation statistics. Following this proposal, an organisation-wide “Reflection Group” was created for the participation of all relevant directorates. The Group met twice and established a plan for future activities.

3. This initiative brought key players at OECD in this area together. Ensuring organisation-wide reach, representatives from the following Directorates participate:

- Economics Department (ECO)
- Directorate for Science, Technology and Industry (STI)
- General Secretariat (SGE)
- Centre for Entrepreneurship, SMEs and Local Development (CFE)
- Directorate for Financial and Enterprise Affairs (DAF)
- Trade and Agriculture Directorate (TAD)
- Environment Directorate (ENV)
- Directorate for Education (EDU)
- Public Governance and Territorial Development (GOV)
- Statistics Directorate (STD)

9. The Group decided to take the following way forward: Considering the activities carried out by the OECD related to globalisation statistics, two groups can be identified:

- **the technical and analytical work** on different issues related to globalisation indicators (i.e. activity of multinationals, foreign direct investment, SME internationalisation, etc.), which needs to be conducted mainly in existing dedicated working groups, with active contribution of national experts. For this reason, it is not desirable (or even possible) to have a single working group dealing with all aspects of economic and social globalisation indicators;

- **the statistical policy level**, which needs to involve national agencies (including statistical offices and central banks) in charge of adopting and especially implementing OECD guidelines on statistics. The involvement of key non-members would also be very useful to ensure the production of statistics, fundamental for globalisation analysis in key “global players” (such as China, India, etc.). The Statistics Committee has a natural role to play in this respect, as well as in pushing towards the concrete data collections envisaged by international guidelines, in close co-ordination with above mentioned expert groups.

10. A **new Working Party on Globalisation of Industry** was launched in March 2007 under the auspices of the Committee on Industry, Innovation, and Entrepreneurship (CIIE). This new Working Party on Globalisation was mandated to analyse the impact of the globalisation of industry on the economies of OECD countries through economic analyses and statistical data. The second part of the mandate was referring to methodological and statistical issues, particularly concerning the activity of multinational enterprises (e.g. output, employment, R&D, trade etc.) as well as technological balance of payments. More details of the mandate are given later in this document

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11. More related to statistical trade issues and trade-related globalisation issues, a new Working Party on International Trade in Goods and Trade in Services was launched in June 2007 under the auspices of the Committee on Statistics.

12. The Reflection Group stressed the importance of the non-economic aspects of globalisation, both for policy making and for the public perception of overall pros and cons of globalisation. Therefore, there is a need for a broad compilation of globalisation indicators and their methodology, covering other domains (especially on the social and environmental sides). To do that in an efficient way, a full coordination of the OECD work on globalisation statistics is required.

13. The following actions were decided:

- **Stocktaking:** the Group agreed to carry out a stocktaking of ongoing Secretariat work in the area of globalisation statistics. The exercise should be as inclusive as possible, but it should be conducted using a preliminary list of topics (such as trade, FDI, activities of multinationals, migration, etc.). The Statistics Directorate is preparing a draft questionnaire, which should also investigate whether the data are also available for BRICS countries.

- **Repository:** Following the results of the stocktaking, a single repository of all materials concerning globalisation statistics should be created. In particular, the Group agreed to develop:
  - an Intranet area to upload documents concerning globalisation statistics. STD will ask all Directorates to upload relevant documents,
  - a “cube” in OECD.Stat to integrate data and metadata covering as many domains as possible. STD should take care of the design of the cube, in consultation with the members of the Group.
  - As far as a “globalisation” page on the Internet, the Group agreed to take the necessary time to structure it on the basis of the results of the stocktaking exercise.

- **Publications:**
  - During 2008, the publication “Indicators on Economic Globalisation” will be updated, while the Statistics Directorate will provide some support to transfer existing data and metadata into the corporate data warehouse OECD.Stat and MetaStore. Data and metadata used to prepare the publication will be used to populate the forthcoming “cube” on globalisation.
  - *OECD Benchmark Definition of Foreign Direct Investment, 4th edition* which sets the world standards for FDI statistics was prepared in close co-operation with IMF and other international and national experts. This manual includes a chapter on globalisation. It will be submitted to the OECD Council for approval and will be published in the first half of 2008.
  - The Handbook will be updated. However, specific plans have not yet been discussed with relevant working parties. The Reflection Group agreed to organise brainstorming session(s) to discuss possible extensions of the existing text, involving experts in different fields.

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Co-ordination of the work on globalisation statistics: The Reflection Group agreed that the technical work needs to be carried out in specific groups (migration, education, international investment, activities of multinational enterprises, etc.). They also agreed that the Committee on Statistics could play a role in helping to build synergies and in pressing countries to implement the OECD recommendations developed in sectoral working groups. The following proposals were also discussed:

- Delegates to the different groups should be asked to report on the implementation of the current version of the Handbook on Economic Globalisation. National chief statisticians participating in CSTAT should also be asked to prepare a comprehensive report on the state of the art at national level and the activities planned in the near future;

- Every year the Chief Statistician of the OECD should prepare a report on the development of globalisation statistics to the Committee on Statistics, based on the results achieved by sectoral working groups and their reports to Committees overseeing their activities;

- The Committee on Statistics, in close co-operation with other expert groups, will ensure the quality of the forthcoming “cube” and Internet page.

II. The creation of OECD’s “Globalisation Cube”

14. The immediate reaction to the idea of creating a “globalisation cube” in OECD.Stat was that three Directorates, STD, STI and DAF, have begun populating such a cube with data. Since August 2007 three databases form the nucleus of the –hopefully rapidly growing- globalisation cube:

1. The Trade Indicators Project (TIP) Database from STD, containing the integral TIP elements including online live Web queries;

2. The Activity of Multinationals Database from STI; and

3. The Foreign Direct Investment Statistics (FDI) Database from DAF.

15. A user looking for globalisation statistics will be able to access these databases under the theme globalisation (see screenshot below):
The new OECD.STAT cube on Globalisation

Welcome to OECD Statistics - beta 1.0.

Our objective is to provide a single online platform where you can discover and use our statistical databases. For the first time, you will be able to build tables and extract data from across databases as well as access individual databases. Use Browse Themes or Search to find the statistical datasets you need. Each database includes detailed metadata to help you understand the numbers. If you get lost please use the help icons (??) or the User Guide.

This version contains some complete databases and data 'cubes' extracted from other databases.

All our complete databases are available via our e-library, SourceOECD.

Later this year an improved beta version of OECD Statistics will be launched in SourceOECD containing more complete databases. Our goal is to offer a complete service by mid-2008 when nearly all OECD databases will be available via this interface. Separately, we will be creating a new service called OECD Core Data. This will allow users to quickly find and download our most frequently requested tables.

For those interested in data by country, please visit our Country Statistical Profiles, which contains a subset of key economic, social and environmental data. The same data is presented by topic, together with explanatory text, in the OECD Factbook online, in print, and on a USB memory stick.

We welcome your feedback - for any questions or suggestions, please use the Contact Us button.

Latest Updates
(Double-Click on a dataset to view data)

- 9/12/2007: HS 2002
- 9/12/2007: Average usual weekly hours worked on the main job
- 9/12/2007: Main Economic Indicators
III. The creation of two new Working Parties

16. As already indicated, two other important events in relation to globalisation analysis and statistics occurred in 2007:

- Under the general direction of the CIIE (Committee on Industry, Innovation and Entrepreneurship), the Working Party on Globalisation of Industry has been created in March 2007. This Working Party is responsible for analysing the impact of the globalisation of industry in the economy of member countries through economic analyses and statistical data. Its objective is to contribute to the CIIE’s policy discussions and to help the Committee respond to the numerous demands involving globalisation from both within and outside the OECD.

- Recognising the important role played by the OECD in cooperation with partner international organisations in the development of standards to compile and analyse international trade flows worldwide, the Committee on Statistics endorsed in June 2007 the creation of a Working Party on International Trade in Goods and Trade in Services Statistics under its authority. This Working Party is responsible for the statistical and analytical work of the Secretariat on trade and globalisation-related trade issues.

17. Both Working Parties should OECD to address globalisation analysis and statistics in a more integrated and non-duplicative way.

a) The Working Party on Globalisation of Industry

18. The Working Party on Globalisation of Industry will assist the CIIE in carrying out the projects inscribed in its programme of work and more specifically, the Working Party shall:

- On an analytical level (both quantitative and qualitative):
  - In the context of global value chains, analyse the impact of international outsourcing and relocation of business operations on employment (including the quality of jobs created or eliminated) and on productivity, evaluate the direct and indirect short- and medium-term consequences of offshoring and of international corporate procurement.
  - Analyse trends in the internationalisation of research and the strategies of multinational firms in choosing where to locate their activities, including those related to research and innovation.
  - Measure and analyse the factors that influence the international location of the operations of multinational enterprises (especially operations related to research and innovation), as well as the effects of policies that may foster or impede those operations.
  - In co-operation with the Working Party on SMEs and Entrepreneurship, measure and analyse the factors that influence smaller firms and suppliers to become part of global value chains, as well as identify the barriers they face in participating in these chains.
  - In co-operation with relevant bodies, prepare the biennial publication of OECD Economic Globalisation Indicators.
  - Contribute to the publication of the OECD Science, Technology and Industry Scoreboard.

- On a methodological level, and in respect of database management:
  - Collect and disseminate basic data and indicators from the Member countries:
− On the activity of multinational firms (affiliates under foreign control in host countries, parent companies and affiliates abroad controlled by compiling countries) in manufacturing and in services;

− On technology receipts and payments (technology balance of payments), in order to measure technology transfers and assess the role of intellectual property in international transactions;

− Enhance the quality of the data and indicators on globalisation of industry, promote the implementation of the guidelines proposed in the OECD Handbook on Economic Globalisation Indicators and contribute to the update of the Handbook;

− Act as a forum to discuss conceptual and data collection issues related to global value chains.

19. The Working Party shall pursue co-operative efforts in its areas of expertise with other OECD bodies and with the main international organisations concerned (WTO, UNCTAD, World Bank, IMF).

20. Taking account of the CIIE's outreach strategy, and to do a better job of evaluating the roles in the world economy of the main OECD non-Members, the Working Party shall forge contacts with non-Member economies that play substantial roles in globalisation, promoting the compilation of data in accordance with the definitions of the OECD Handbook on Economic Globalisation Indicators. Contacts will also be pursued with the business community.

21. To promote consistency with the CIIE framework and to ensure efficiency and effectiveness in carrying out its activities, the Working Party will provide regular reports to the CIIE on the progress it is making in achieving its objectives, and will hold, as appropriate, joint bureau meetings, back-to-back meetings, and/or joint seminars and similar events aimed at taking forward issues of mutual interest with the CIIE and its other Working Parties, as well as with other concerned OECD bodies.


22. The Working Party on International Trade in Goods and Trade in Services Statistics (WPTGS) will undertake work to improve the quality of international trade statistics and carry out related analysis in accordance with priorities established by the OECD Committee on Statistics.

23. Recognising the different methodological frameworks and manuals applying to merchandise trade and trade in services, the Working Party will continue the successful modus operandi of past meetings with a session devoted to merchandise trade statistics, another session devoted to trade in services statistics and a combined session dealing with trade in goods and services and related analytical issues.

24. In particular, the Working Party will:

• facilitate the development and improvement of internationally comparable methodologies in order to promote comparable, sound, consistent and coherent trade in goods statistics, trade in services statistics and trade and trade-related globalisation indicators;

• monitor and encourage implementation, in coordination with the two Inter-Secretariat Task Forces on International Merchandise Trade Statistics and on International Trade in Services Statistics, of sound conceptual frameworks, guidelines and manuals to increase the relevance and the international comparability of international trade statistics and trade and globalisation-related indicators;

• research and analyse new trends in trade to address the needs of economic and trade analysis and inform trade negotiations;
• discuss statistical issues of relevance and concern to trade statisticians and analysts and generally act as forum of exchange and springboard for methodological developments;

• oversee the collection and dissemination of relevant statistics on international trade in goods and international trade in services;

• oversee the Secretariat's work on balance of payments statistics (excluding the specialized work on detailed investment statistics);

• oversee the Secretariat's work on linking trade and business statistics as part of globalisation;

• ensure closest possible coordination and co-operation with national statistical authorities and with other International Organisations active in this field, taking on and continuing existing cooperation agreements as necessary. In particular, the Working Party will strive and continue its practice of organizing meetings jointly with Eurostat so as to avoid duplication of efforts.

25. The Working Party will seek synergies and practicable conformity of its own work with relevant analytical and statistical work undertaken by other parts of the OECD, in particular the Trade Committee, the Committee for Innovation, Industry and Entrepreneurship, the Working Party on Globalisation and Industry, and the Environment Committee. The same applies also to related work on Business Statistics, Foreign Direct Investment and international activities by Multinationals, as also to relevant work undertaken by other competent international and supranational organisations.

26. The Working Party will act as a forum in which Member countries will be able to exchange information and experience on new concepts, best compilation practices of trade statistics and indicators and new statistical challenges.

III. Conclusion

27. This paper briefly describes the roles and mandates of new groups set up as part of an organisational response to analytical and statistical needs.

28. The Reflection Group and the new Working Parties, in close co-operation with other bodies of the OECD, will facilitate the development and elaboration of sound indicators and methodological frameworks in support of policy and economic analysis.

29. It should be underlined that an important role of these groups will be to better rationalize and foster intra-OECD communication across the house as well as ensuring efficient communication between OECD officials and delegates/experts in OECD - and some Non-OECD countries.

30. It will be important that the Working Parties maintain close and permanent contacts with counterparts in other countries and in other International Organisations to ensure maximum impact. For instance, the WPTGS will approach Eurostat to find out the best mechanism for building up a regular information exchange with the coordinators of Eurostat’s MEETS programme (MEETS = Modernisation of European Enterprise and Trade Statistics). Nowadays, coordination has to be inter-organisational as well.

31. Delegates may wish to comment on these developments.