



Regional-Global TiVA Initiatives Workshop 22-23 October 2020: Meeting Conclusions

Introduction

The 2020 Regional-Global TiVA Initiatives Workshop took place virtually on 22 and 23 October 2020. In addition to providing updates on various initiatives, discussions focused on the convergence between projects, concluding that more involvement is required along the year. Also, the users' perspective was briefly examined from two different angles.

Updates on various TiVA initiatives

- The OECD 2020 TiVA release will cover two additional countries: Myanmar and Lao PDR (to complete ASEAN). The industry classification remains unchanged – 36 industries based on ISIC revision 4. The time period will be extended, covering 1995 to 2018. The release is currently envisioned for the first half of 2021.
- FIGARO showcased their recent release covering the years 2010 to 2018. All underlying SUTs are consistently benchmarked with the latest main aggregates. In addition, FIGARO provides a balanced view of trade in goods and services, direct purchases abroad by residents, and direct purchases of non-residents domestically, goods sent abroad for processing, and merchanting.
- The EORA database has the largest country coverage (190 countries) and the longest time series (1970-2015), but the classifications of economic activities are not harmonised, ranging from 25 to 500 economic activities¹. The data are available at basic prices, including transformation matrices to arrive at purchasers' prices. The additional extensions include emissions of greenhouse gasses and other air pollutants, biodiversity, water and social issues.
- IDE-JETRO demonstrated its long history of contributing to IO-related research – including collaboration with the China State Information Centre for multi-regional IO tables. The speaker challenged the delay in constructing such regional and inter-country IO tables and the data gaps in addressing new phenomena, such as leading firms versus platforms, e-commerce (difference between online and offline business). Future work could benefit from using big data.
- ADB presented TiVA and GVC indicators for Asian developing countries. This database will continue to be extended by incorporating more countries (in collaboration with ECLAC). As such, it will provide a good basis for elaborating country studies and reports, including Brunei, Malaysia and Singapore.
- NA-TiVA team gave an update about their work in progress since the Memorandum of Cooperation was signed. Three work streams are the basis of this project: one on trade facilitation, one on SUTs; and one the white paper (for documentation). The goal is to deliver the NA-TiVA database by 2021, covering year 2012.
- The APEC-TiVA initiative illustrated their project outline (2014-2020) and presented their methodology and key indicators. The final APEC-TiVA initiative report will be circulated to APEC member economies in November 2020, and it is expected to be released in December 2020. APEC is likely to release a Joint Ministerial Statement on the completion of the APEC-TiVA report and the related database. Further APEC-TiVA initiatives are currently under review.

¹ Website: worldmrio.com.



- ECLAC presented their work on finalising regionally integrated IO tables. They also demonstrated the progress made on data integration with ADB, which was developed during 2018-2020. The presentation concluded with a call for further collaboration with other initiatives.
- The African TiVA project launched a capacity building program for five African pilot economies to develop a sustainable statistical production chain. The compilation of SUTs and other statistics can further increase the country coverage of the OECD TiVA database. Initially, five countries (Cameroon, Côte d'Ivoire, Nigeria, Senegal and Egypt) are engaged in the project. The final output will include analytical reports for each country.
- ECLAC Mexico project developed the regional IOTs for Central America, Mexico and Dominican Republic. This project was financed by the UN, as part of the Development Account Programme, and it has showcased the challenges of doing such endeavour in countries with limited statistical capacity, and how they overcome them. Three reports has since then published. The data will be published too, and potentially applied for the formulation of economic policy in the region.

Trade reconciliation

- INEGI present their methodology and results on merchandise trade asymmetries reconciliation for the NA-TiVA initiative. It was developed as a general method to correct the bilateral discrepancies in all traded items, which, in part, are caused by the differences in definition (country of consignment and country of origin). Several methods are considered to reduce asymmetries between Mexico, Canada and USA. The question raised after the presentation was which methodology to use and if this one should be harmonized within all initiatives.

User perspective

- Mexico compared the OECD ICIO database TiVA and GVC indicators to those calculated with the National SUT and trade figures. The challenges of the work are similar to what have been highlighted by others: Balanced trade, Industrial classifications, Timeliness, Data availability, etc. The main point of this exercise is to provide meaningful information to the policy makers.
- ISDB uses a GVC approach as a core tool to support national development plans, which can be broken down into GVC selection (the highest potential value chains) and GVC analysis (identify gaps and constraints to development). The development programme is designed to use GVC indicators to narrow down the economic activities that should be targeted to ensure high spill-over effects. Currently, there are challenges of using TIVA indicators, mainly due to the lack of data availability in their member countries. Further communication on how to interpret the resulting data is needed.

Actions towards a common harmonised approach for TiVA initiatives

In addition to overall willingness to cooperate, we should move forward with concrete actions. The group collectively agreed on the need of more timely meetings (probably quarterly) to agree on many issues that have been discussed at length.

Also a common repository for input data seems feasible. The first step to achieve consistency can begin with agreeing on a single data source, using the same exchange rates for conversion and accounting years (i.e. calendar years), and the common view of bilateral trade statistics across all initiatives.



Besides, a common guideline for methodology also help to reconcile difference in various approaches used across initiatives, including:

- How to deal with missing data or data gaps?
- How to agree on the processes to align trade data with national SUTs?
- Is it possible to have a single method for extrapolating/interpolating national supply-use tables (with estimates provided and shared in the repository)?
- Can we agree on a minimum, common, breakdown of sectors and products following international standard classifications (preferably ISIC/NACE and CPA)?
- More often contacts to achieve common goals. Annual meetings do not allow for detailed discussions on specific topics to promote real exchange of ideas/methodology. The OECD is encourage to organise specific-topics webinars (from 2 to 4 per year)

Discussion points

- As most TiVA initiatives have matured over time, there is stronger consensus to create more convergence in the compilation of inter-country IO tables, in order to optimise the use of resources. Some bilateral and multilateral collaboration has taken place, but cooperation is key to reconcile the differences in data and in methodology.
- One challenge of trade reconciliation for the TiVA indicators (including bilateral meetings to address asymmetries, and discrepancies between national accounts and trade) is the use of a harmonised methodology, as well as the consistent treatment of re-exports.
- The community site (<https://community.oecd.org/community/rg-tiva>) can be used as a basic repository for information exchange, including methodology, metadata, data and their constraints, such as SUTs, main national accounts aggregates, etc. The codes and scripts can be shared too.
- The meeting should not end with expressing a willingness to cooperate, but with an agreement on concrete actions. The group agreed on the needs for drafting a “manual” with best practices (e.g., the coverage of economic activities) and where certain constraints can be relaxed. All of this will start in 2021 with topical webinars on common challenges and ways to overcome them.
- Resources are still needed, particularly for developing economies, such as African countries, amongst others in helping them to build statistical infrastructure.
- Some of the challenges ahead remain thorny:
 - 1) The databases are (generally) not timely enough, so agreement should be focused on the use of nowcast tools that answer the needs of policy makers and academics;
 - 2) Sub-regional development is becoming more relevant to understand unbalanced regional income disparities;
 - 3) Emission indicators are relevant given the current environmental debate;
 - 4) Bringing more granular data into TiVA analysis, both with more refined industry details and at firm level (some of which has been addressed under the framework of EGESUT).
 - 5) Communication is the key to help data users to understand the concepts and ideas. Therefore, there is a need to create common definitions in multiple languages. Are there too many indicators available for data users? The data producers should take the responsibility to educate users and help them interpret results. Visualisation tools are also needed for this end.
- The group should organise technical webinars more frequently, to cover a wider range of topics, including:



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- treatment of trade asymmetries in goods;
- estimation of missing HS items in international merchandise trade;
- re-exports and transit trade;
- treatment of trade asymmetries in services;
- estimation of missing EBOPs items in international trade in services statistics and BoPs;
- country-specific conversion matrices for EBOP-CPA;
- freight and insurance costs (cif-fob margins) in international trade;
- alignment of trade statistics to national accounts concept: goods sent abroad for processing;
- alignment of trade statistics to national accounts concept: merchanting
- direct purchases abroad and purchases of non-residents in the domestic territory;
- TiVA indicators;
- now-casting methods; and
- estimation of missing national SUIOTs.

The first of this webinar will be organized by OECD during Q2-2020.