



Regional-Global TiVA Initiatives Workshop 7-8 June 2018: Conclusions and next steps

Recent years have seen a significant take-up in international efforts to develop measures of Trade in Value Added, driven by growing demands for better, more comprehensive and more timely data on global value chains, their drivers and impacts. Examples of initiatives include OECD-WTO TiVA, Eurostat's FIGARO, North American TiVA, APEC TiVA, WIOD, regional IO tables for Latin America coordinated by CEPAL, and many others.

Bringing together all these TiVA initiatives, the second Regional-Global TiVA Workshop that took place on 7-8 June in Paris aimed to further develop and operationalise common tools and methods to construct inter-country Supply-and-Use and Input-Output tables, in order to ensure the objective – widely shared and supported by all initiatives – of a maximum consistency of statistics by the different initiatives, in particular for countries involved in/covered by multiple tables, building on the conclusions of the March 2017 meeting.

Main agreements and action items

The group arrived at three main sets of conclusions, related to (1) harmonised data and methods, (2) IT systems and data sharing platforms, and (3) working methods.

Towards harmonised data and methods

The group agreed to work towards a harmonised set of input data and methods for compiling regional and global inter-country supply-use and input-output tables. Specifically the group agreed:

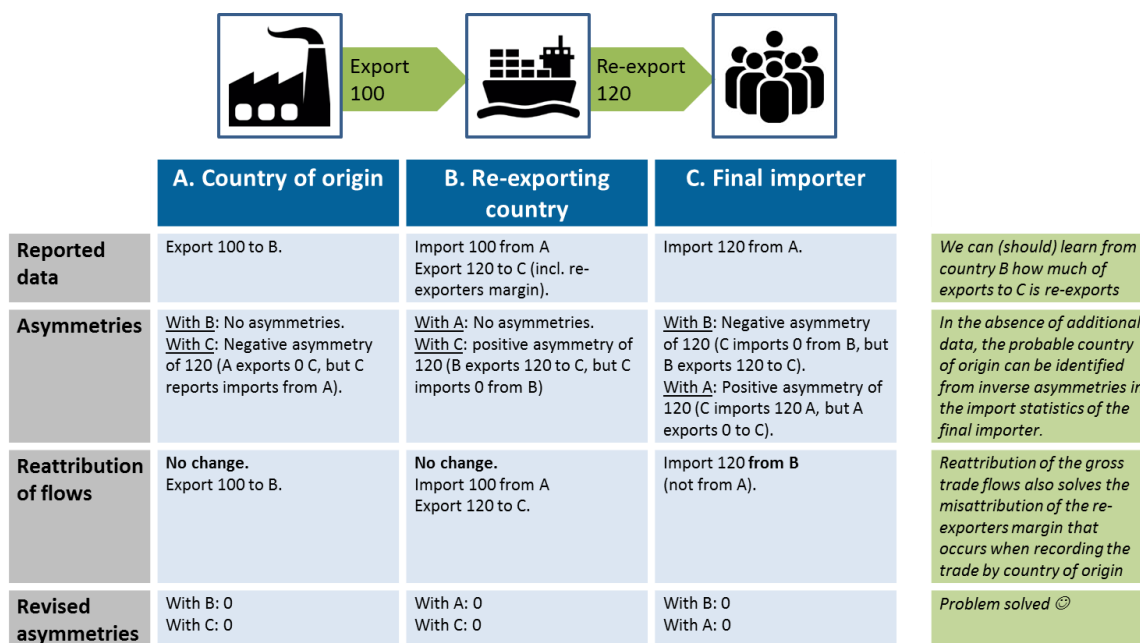
- To use the same exchange rates for conversion.
- To use the same target industry and product classifications, following international standards (ISIC Rev 4 and, preferably, CPA products).
- The group recognised that the level of industry and product detail would necessarily vary across initiatives, but agreed that it was also necessary to ensure that more detailed inter-country tables, or indeed tables in other classifications, could be readily aggregated to at least the current OECD 36 ISIC 4 industries.
- To use the same methods for interpolating and projecting tables, for developing estimations (e.g. import flow matrices) and for developing additional breakdowns (related to e.g. goods for processing, merchanting, or resident/non-resident purchases), building on existing efforts (e.g. Eurostat's Good Practices, the new UN SUT & IO Handbook). Any estimations for national SUTs (interpolations, import flow or margin matrices, non-resident expenditures by product, etc) would ideally be produced by only one initiative, according to jointly agreed method(s),

and where possible with involvement of the country concerned. These estimations would be made available to other partners in the network through the data sharing platform described below. Clear responsibilities for individual countries and components of tables should be identified and agreed upon across the initiatives.

- That in principle, countries (National Accounts compilers) are ultimately in charge of how their data is reflected in the inter-country tables, including on whether or not the SUT data are benchmarked to GDP (>NB EU countries expressed a strong desire NOT to do so), noting that exceptions would exist in the case of large adjustments, or to ensure consistency in time series in the case of interpolations (by necessity benchmarked to GDP).
- To follow, in principle, the 1993 SNA approach for the recording of transactions related to manufacturing services and merchanting, i.e. to record the gross flows (and not the net flows), to ensure that TiVA indicators remain meaningful to users and continue to provide insights into GVCs. The motivation for doing so should be very clearly explained to users (and statistics producers).
- To further work on specifying the methods for aligning trade with SUTs, e.g. via a set of recommended country-specific conversion tables, and a single, shared table of end-use attribution of imported products.
- Regarding balanced trade statistics, the group agreed that:
 - Large asymmetries (in either goods or services) need to be reconciled manually prior to any mathematical balancing.
 - Asymmetries in merchandise trade caused by re-exports are resolved in such a way that the final trade data reflect the consignment principle (see figure below), and therefore explicitly recognise the role of export hubs/entrepôts in Global Value Chains. As illustrated in Figure 1, this typically involves making adjustments in the partner attribution of the import statistics of the final importing country (to reflect the country of consignment and not the country of origin), using additional information in the customs declaration of this final importer where available, or by using estimates. It was also recognised that these re-export flows should be separately identifiable in the balanced data to facilitate subsequent alignment with SUTs.
 - Product misclassifications are an important – and easily solvable – cause of trade asymmetries. A shared list of product re-codes using common principles will be developed, building on the first set developed by OECD.
 - All initiatives should use the same balanced trade dataset in the construction of their inter-country SUT and IO tables, building on the joint approach/database initiated by the OECD, with WTO, and incorporating all improvements and additional data derived from regional initiatives and bilateral work, leveraging collective efforts and data sources. The work-plan will outline more details on how to practically achieve this, considering that many initiatives are still in progress towards a first release.
 - All initiatives should use the same approach for final mathematical balancing. The group agreed to use the proposed joint Eurostat-OECD approach, unless further improvements can be made on this algorithm.

- It was agreed that a further elaboration, and practical example, is needed on how to ensure replicable alignment of trade with SUTs, via a set of recommended country-specific conversion tables. And the OECD agreed to develop this for further discussion among the group.

Figure 1. Treatment of re-exports on a consignment basis



IT systems and data sharing platforms

The group agreed that IT systems and data sharing platforms are important to facilitate the use of the same data across initiatives, and to clarify which versions of the SUTs for each country (including potential adjustments, as well as projections and estimations) are used. Therefore, it was agreed:

- **To intensify the use of the existing IT platform** (<http://one.oecd.org/rg-tiva>), which allows for the exchange of documents and smaller data files (up to 30 MB). This can help for example with the creation of a common base of relevant papers, but also for almost all auxiliary files, including exchange rate tables, concordance tables, and trade-NA conversion matrices. OECD will make the first sets of information available, including the most recent presentations and papers from the second Workshop. Log-in details will be recirculated.
- **That OECD will explore the technical and operational specificities of a global data hub** for SUTs and trade data with shared access for all regional-global TiVA initiatives. Likewise, a proposal will be developed on what would be the best format of the data in the *hub*, including shared variable names and codes, update and revision policies. The proposal will build as much as possible on coding schemes used in the current international standards for data exchange (SDMX and the DSDs for SUTs, trade, national accounts and BOP (services trade)). The proposal will be sent to all participants for review.

Working methods

- The Group agreed that OECD should develop a draft Work Plan describing the process towards operationalising the above agreements. The work plan will include, amongst others:
 - Explicit/concrete proposals for those areas where broad agreements have already been reached (e.g. which exchange rate to use),
 - Proposals for a distribution of work and responsibilities for the development of estimates along the lines suggested above
 - For those areas where more discussion is needed, the process outlining the steps towards achieving these objectives.
 - A Table of Contents for the *Handbook*.

The work plan will be sent to all participants for review.

- The 2017 meeting agreed to create a Steering Group, with representations from all regional and global TiVA initiatives, to coordinate the ongoing work. This second Workshop was the *de facto* first meeting of this Steering Group, and while not a formal body within the OECD system, it was agreed to continue meeting at least annually to coordinate the development of mutually consistent ICIOs and TiVA indicators, oversee and internationally agreed methodologies for the construction of global SUTs.