

Actions Taken by INEGI for Measuring Value Added in Foreign Trade



**INSTITUTO NACIONAL
DE ESTADÍSTICA Y GEOGRAFÍA**

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Challenges for measuring the new global economic scenario

- The world economy has changed faster than the statistical procedures that register their features and evolution.
- Participation of countries in the global manufacturing chains.
- The globalization of production chains means that traded goods move back and forth from one country to another.
- The participation of countries in the global manufacturing chains and its contribution to international value, pose a challenge for the generation of statistical information.

Basis for measuring foreign trade in merchandises

- The gross valuation of the goods recorded in foreign trade caused an overvaluation of trade flows, since the value of goods crossing back & forth the borders for further processing are included in trade flows incorporating the import component in exports (double counting).
- To implement a new set of indicators for measuring foreign trade in goods that better identify its contribution to real economic growth; so, that calculating the value added in foreign trade is a must for this purpose.
- Avoiding further requirements to informants for reporting, making it necessary to take full advantage of available information, as well as customs records.

Basis for measuring foreign trade in merchandises

- Distinguish the Value Added of Export Global Manufacturing Industry in the *System of National Accounts of Mexico (SCNM, Spanish acrostic)*.
- The above mentioned approach will be seen articulated to the SUT's, particularly at the intermediate and final demand, distinguishing the Value Added of Export Global Manufacturing Industry separate by economic activity; however, the *SCNM* **continue with treatment on a gross basis under the current methodology employed.**

Actions taken

- a) Strengthening of "institutional agreements", through the work of the Specialized Technical Committee of Foreign Trade Statistics
- b) Improving statistical infrastructure, from the information currently available: Generation of Statistics for the Program Manufacturing Industry and Export Services (IMMEX) and construction of TIGIE-NAICS concordance
- c) Start the link between customs administrative records and manufacturing surveys, as well as, with Economic Censuses to produce statistics on foreign trade by establishments characteristics
- d) Introducing new statistics that allow measuring global chains value. Calculation of Value Added in foreign trade.

Concordances table: TIGIE-NAICS 2007

- Construction of the concordances between the duties of the General Taxes of Import and Export (TIGIE) and the *North America Industrial Classification System of 2007* (NAICS 2007), will support the analysis of economic activities and their relation to the flow foreign trade.
- Strengthen the homogeneity of the various calculations of foreign trade generated by **INEGI**.
- Contribute to different users generating consistent and comparable figures with those published by **INEGI**.

Actions to be taken

- Identify the contribution of our country in global production chains in terms of Employment and Value Added in the production process; also, with the direct involvement that it has with the results on productivity and long-term competitiveness in the National Accounting.
- SUTs of goods & services, could be used to identify the contribution of imports in the output of any good for exports.

Proposal for results publishing

- As shown in the following proposed tables should be to generate vectors of imports and exports of manufactured goods of foreign origin, by product in gross terms
- The vectors of imports and exports of manufactured goods, must be deducted from the supply and use of goods and services in order to generate the global manufacturing value added of the rest of the economy.
- For economic activity must estimated the components used in the manufacturing process:
 - Imports of goods consumed by the manufacturing;
 - Value Added of manufacturing exports, at basic prices.

Criteria for Value Added in foreign trade estimate

- It is planned to generate additional tables to reflect the Value Added of manufacturing exports as the origin of economic activities that generate it, and consequently its exports destination.

Planned tables

Table 1
SUPPLEMENTARY TABLE 1.1

TOTAL ECONOMY

SUPPLY OF GOODS AND SERVICES BY ACTIVITY SECTOR,

AT THOUSANDS OF MXN AT PURCHASER'S PRICE 2008 YEAR

NBR.	SECTOR	PRODUCTIVE ACTIVITY SECTORS				IMPORTS OF GOODS AND SERVICES				TOTAL SUPPLY A PRECIOS BÁSICOS	TRADE AND DISTRIBUTIONS MARGINS	TAXES ON GOODS AND SERVICES NET OF SUBSIDIES	TOTAL SUPPLY AT PURCHASER'S PRICES	NBR.
		1 AGRICULTURE	2 MANUFACTURING	3 SERVICES	4 TOTAL	5 IMPORTS C.I.F. (TOTAL FOB)	6 IMPORTS OF MANUFACTURING INDUSTRY	7 ADJUSTMENT C.I.F./F.O.B.	8 IMPORTS C.I.F.					
1	AGRICULTURE				0				0	0			0	1
2	MANUFACTURING				0				0	0			0	2
3	SERVICES				0				0	0			0	3
4	MANUFACTURING INDUSTRY													4
5	TOTAL	0	0	0	0	0		0	0	0	0	0	0	5
6	Adjustment C.I.F./F.O.B.								0	0	0	0	0	6
7	Purchases of residents abroad									0	0	0	0	7
8	TOTAL OUTPUT BY PRODUCTIVE ACTIVITY AT BASIC PRICES	0	0	0	0	0		0	0	0	0	0	0	8

Planned tables

Table 2.0
TOTAL ECONOMY
SUPPLEMENTARY TABLE 2.1
USE OF GOODS AND SERVICES BY ACTIVITY SECTOR,
THOUSANDS OF MXN AT PURCHASER'S PRICES OF 2008 YEAR.

NBR.	SECTOR	INTERMEDIATE DEMANDA				FINAL DEMAND							TOTAL USE	NBR.
		1 AGRICULTURE	2 MANUFACTURING	3 SERVICES	4 TOTAL	5 PRIVATE CONSUMPTION	6 GOVERNMENT CONSUMPTION	7 GROSS FIXED CAPITAL FORMATION	8 INVENTORY CHANGE	9 EXPORTS F. O. B.	10 MANUFACTURING INDUSTRY EXPORTS	11 TOTAL		
1	AGRICULTURE				0							0	0	1
2	MANUFACTURING				0							0	0	2
3	SERVICES				0							0	0	3
4	IMPORTS OF MANUFACTURING INDUSTRY				0							0	0	4
5	DOMESTIC ORIGIN GOODS CONSUMED BY MANUFACTURING INDUSTRY				0							0	0	5
6	TOTAL USES AT PURCHASER'S PRICES	0	0	0	0	0	0	0	0	0		0	0	6
7	Purchases of residents abroad											0	0	7
8	Purchases of non-residents in the country											0	0	8
9	Net purchases of residents and non-residents					0	0	0	0	0		0	0	9
10	GROSS VALUE ADDED AT BASIC PRICES	0	0	0	0								10	
11	Total compensation of employees	0	0	0	0								11	
12	Wages and salaries including direct social contributions	0	0	0	0								12	
13	Wages including direct social contributions				0								13	
14	Salaries including direct social contributions				0								14	
15	Imputed social contributions				0								15	
16	Net taxes of subsidies on production				0								16	
17	Activity taxes				0								17	
18	Less: subsidies				0								18	
19	Gross operating surplus				0								19	
20	VALUE ADDED OF MANUFACTURING INDUSTRY EXPORTS AT BASIC PRICES												20	
21	TOTAL OUTPUT BY ACTIVITY AT BASIC PRICES				0								21	
22	TOTAL FROM OTHER COLUMNS					0	0	0	0	0		0	0	22

Conclusion

1. It is necessary that the official foreign trade statistics reflect the features of the new global economic scenario.
2. Having the ability to use information available in order to avoid a greater burden on respondents, and not raising the costs of official statistics.
3. It is also necessary to promote comprehensive schemes to generate statistics that combine customs and no customs information sources.
4. It is important to assess the information needs of specialized users too, in order to enrich the methodological framework for measuring *Value Added*, considering also the feasibility of fulfilling the requirements that said users may let us know.

Conclusion

- Notwithstanding, due to actions taken by **INEGI** two main questions arise:
 - What is the best approach for estimating an appropriate measuring of Value Added in the international trade of goods under the new scenario?
 - What should be the strategy to let users know the differences in the statistical measuring criteria that requires obtaining the *Added Value* in foreign trade?

Because we provide information for all...

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