Session 2: The Basic Needs Trade statistics issues

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Latin America's prospects for upgrading in global value chains – Side meeting on statistical aspects – El Colegio de México – Mexico City, 15 March 2012

Constructing a MRIO table

- What is needed:

  A perfect matrix of bilateral trade flows (goods and services) decomposed by industry and by end-use, consistent with national accounts

- Main issues:
  - Trade by industry as reported in national accounts different from trade statistics
  - Overlap between goods and services trade statistics
  - Missing data
  - Lack of adequate methodology to assess trade in intermediate goods and services
  - Correspondence between products/services and I/O industries

Data to be collected

- Bilateral trade flows for goods at the HS6 level (customs statistics)
  – The BEC approach can provide a decomposition by end-use
- Bilateral trade flows for services in EBOPS (balance of payment data)
  – Some data have to be estimated
- Additional information:
  – Trade margins (very important)
  – Re-exports (important for some countries)
  – Trade in secondhand goods, scrap and recycled materials (less important)

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Issues with trade in goods data

- Re-exports
- Unallocated trade (confidential flows)
- Producers vs. purchasers prices
  - Transportation costs (cif-fob)
  - Wholesale and retail margins
- BEC classification:
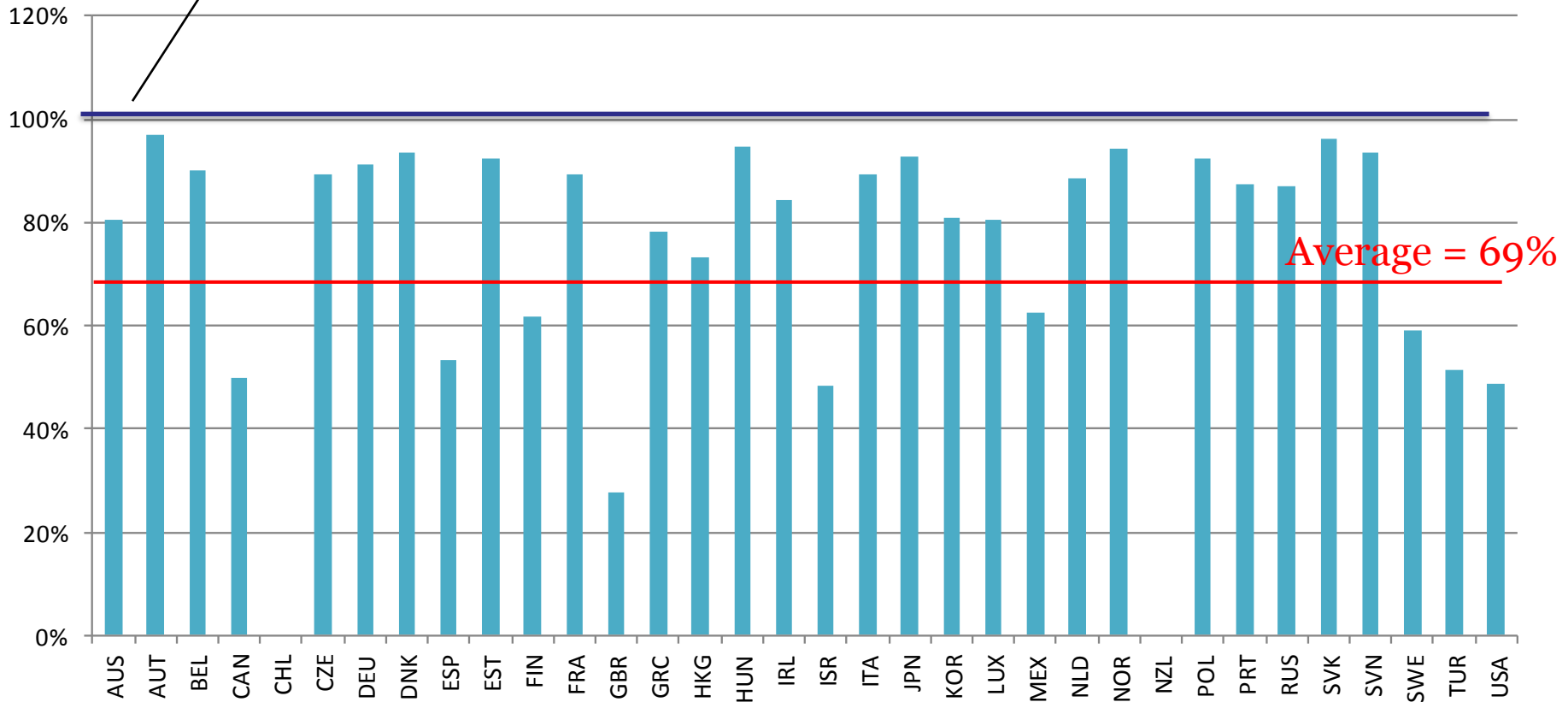 - Goods not clearly intermediate or final

BEC 'plus' approach

Products characteristics		End-use			
			Final demand goods		
		Intermediate	Household consumption	Industrial capital goods	Other
Primary products		Food and beverages (111) Industrial supplies (21) Fuels and lubricants (31)			
			Food and beverages (112)		
Processed unfinished			Food and beverages (122)		
		Fuels and lubricants e.g. gasoline (32)			
		Food and beverages (121) Industrial supplies (22) Parts and components of transport equipment (53) Parts and components of capital goods (42)			
Processed finished		Packed medicaments (part of 63)			
			Non-industrial transport equipment (522) Non durable consumer goods (63) Semi-durable consumer goods (62) Durable consumer goods for households (61)		
			Durable personal consumer goods e.g. personal computers (part of 61), Mobile phones (part of 41) Passenger motor cars (51) Fixed line phones (part of 62)		
				Capital goods (41) Industrial transport equipment (521)	
Other					Goods n.e.c (7)

Issues with services trade data

- Gaps in the data (non-allocated trade)

  – Mirror flows

  – Estimation of missing data (gravity modelling, optimization)

- Conversion from EBOPS to ISIC

  – Example: 'Travel' vs. 'hotels and restaurants'

- No methodology to assess bilateral flows of intermediate services

  – Proportionality assumption maintained

- Overlap with goods trade

  – In particular: construction, distribution, transport

Allocated versus non-allocated trade in the OECD TISP database (2005)

100% = Exports reported for EBOPS 200 (total trade in services) with world as partner

Average = 69%

Share of total trade accounted for when adding over all partners and industries

Concluding remarks

- Trade in services is the main challenge
- Trade margins matter
- Current techniques: the best we can do with existing trade data
- In the future:
  - Improving the consistency of trade statistics with national accounts
  - Consistent data for trade in goods *and* services
  - Firm-level information to improve the allocation to bilateral partners