

Globalization –The role of traditional statistics in a non-traditional world

Example: A clothing manufacturer (A) outsources production to a company (B) in a lower wage country. Design and management remains in A, who also owns all materials. Final products are sold to C.



What reality do we want to measure?

Does the A belong to services or industry? Can we have industrial production as main activity without a factory?

Should the production abroad be included?

Production of modern goods require knowledge based values such as R&D and design.

Regulations determine what we need to measure (today)

There is a conflict between statistical domains. Within the EU the SBS and Prodcom currently follow the national territory while NA should use economic territory.

Limitations in what we can measure

If production abroad should be included, that information is not necessarily available.

Difficulties in determine activity of only part of a global enterprise.

Cooperation between statistical offices is needed to avoid double counting.

The Border - Merchenting

Physical borders determine how values appear in statistics.

Merchanting values (goods both bought and sold abroad but never pass the domestic border) will not appear in foreign trade statistics while the value of the trade will still appear in enterprises accounting.

Is GDP still viable?

Knowledge assets can be moved quickly and cause shifts in the economic territory of large enterprises. Any such change would affect GDP, undermining the usefulness of GDP as an indicator.

Can we complement national accounts with broader international concepts that better reflect globalized production?

