



Update on New Measurements of the Impacts of Globalization

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Advisory Committee Meeting

Washington, DC

November 13, 2015

Outline

- Recent Advisory Committee presentations on globalization
- Progress report
- Next steps

Recent presentations on globalization

- May 2011: Global Manufacturing and Issues Raised by the iPhone
 - Misleading bilateral trade data
- May 2013: Trade in Value Added
 - Many researchers have turned to an input-output (I-O) approach
- November 2014: Update on BEA engagement
 - International engagement
 - Supply-use tables
 - Firm-level heterogeneity

International engagement

- **OECD:**
 - Oct. 12-14: Expert Group on Extended Supply-Use tables
 - Oct. 15-16: Interagency Task Force on International Trade Statistics
 - Oct. 19-21: Technical Workshop on Foreign Direct Investment and Global Value Chains
- **Asia-Pacific Economic Cooperation (APEC):**
 - Nov. 2-4: Second Meeting of the APEC Technical Group on Measurement of TiVA in Shanghai, China
- **North America Initiative with Canada and Mexico**

Supply-use tables: New for the United States

- Released in September, 2015 in BEA's *Survey of Current Business* and updated in November, 2015
 - <http://bea.gov/scb/toc/0915cont.htm>
- Estimates are at the 71-industry level detail and cover the period 1997-2014
- Estimates will continue to be revised and the time series extended during future annual revisions

Supply-use tables: Estimation methodology

- Rearrangement of make-use tables
- International standard for TiVA analysis
- Consistency in valuation:
 - Gross output and value added in basic price valuation
 - Imports in CIF (cost plus insurance and freight) valuation

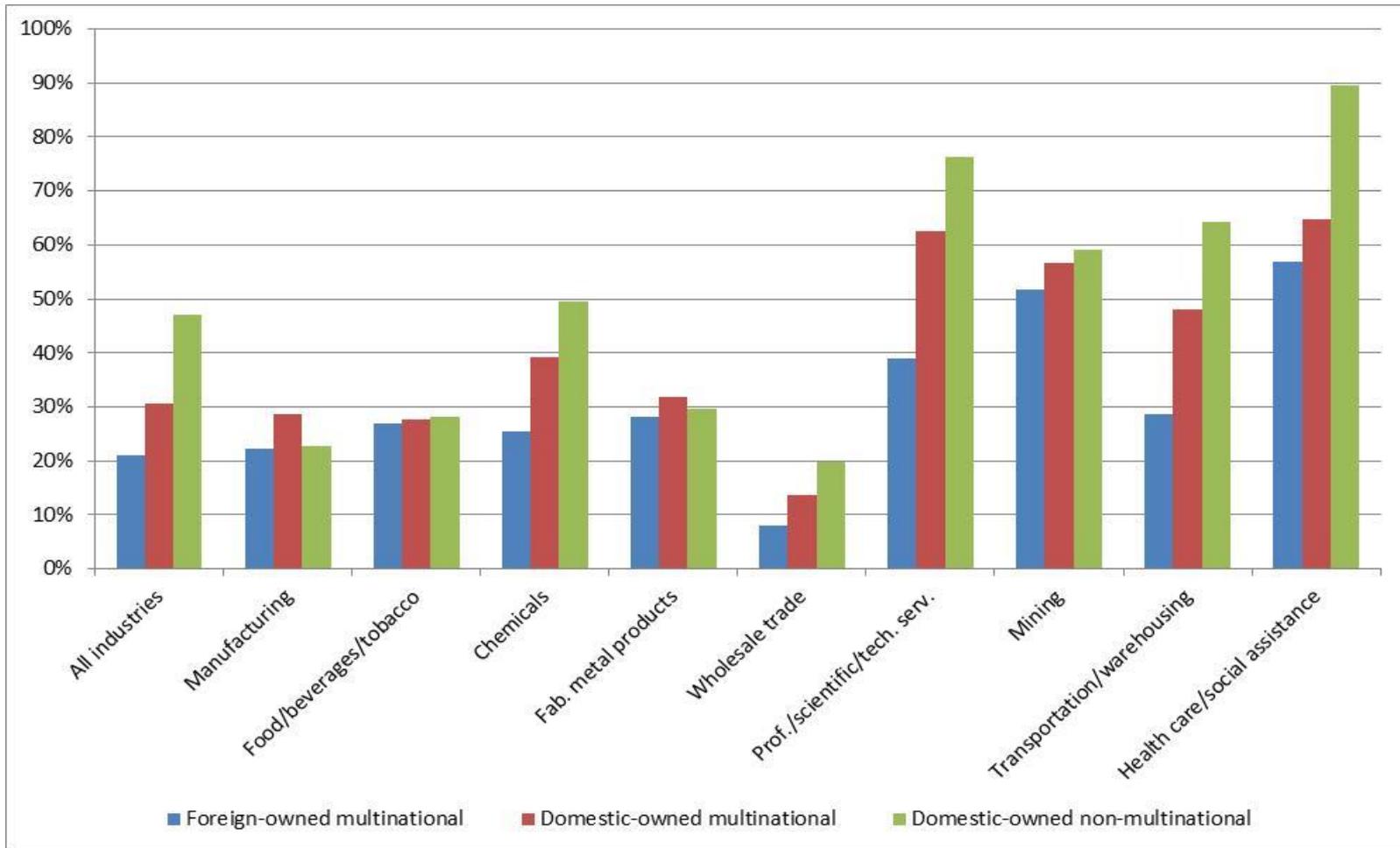
Supply-use tables: Why do they matter?

- Consistency with the international standard
- Consistency among national tables is a prerequisite for linking
- Linking is a requirement for TiVA analysis

Firm-level heterogeneity: Proof of concept

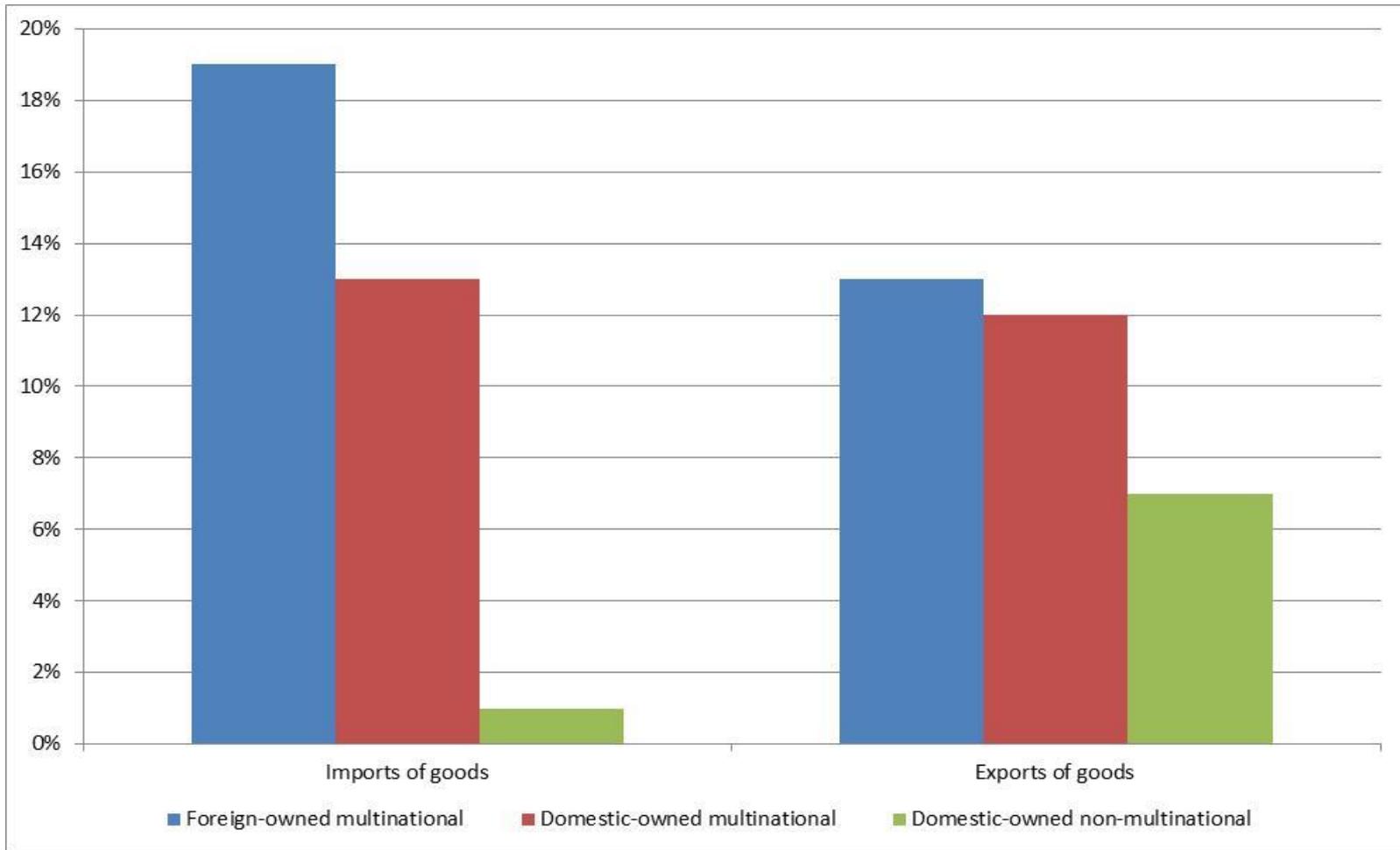
- Dimensions of heterogeneity
 - Multinational enterprises
 - Domestic-owned
 - Foreign-owned
 - Domestic-owned non-multinational enterprises
- Underlying datasets
 - BEA surveys of U.S. multinationals
 - IRS Statistics of Income tax return data
 - Other data

Firm-level heterogeneity: Value added as a share of output



Source: James J. Fetzer and Erich H. Strassner, "Identifying Heterogeneity in the Production Components of Globally Engaged Business Enterprises in the United States"

Firm-level heterogeneity: Manufacturing-Imports/exports as a share of output



Source: James J. Fetzner and Erich H. Strassner, “Identifying Heterogeneity in the Production Components of Globally Engaged Business Enterprises in the United States”

Firm-level heterogeneity: Short-run feedback

- Enterprise-level proof-of-concept table shows reasonable results
- Multinational/ownership type seen as a reasonable way to capture firm heterogeneity
- Comments foreshadow long-run challenges
 - ex. Larger difference in value added for some industries compared to others

Firm-level heterogeneity: Long-run linking project

- Data sets to be linked
 - Census Bureau
 - Economic censuses (and annual surveys)
 - Trade in goods
 - BEA
 - Activities of multinational enterprises
 - Trade in services
- Interagency agreement
- BEA & Census economists starting soon to link data

Next steps

- Joint project with U.S. International Trade Commission (USITC) to prepare extended SUTs (2016)
- Enhanced supply-use tables:
 - Consistent with international standard industrial classification (ISIC)
 - Separate domestic and import use tables valued at basic prices
- Begin Census-BEA linking project-5 year project
- Continue international engagement:
 - OECD Expert Group on Extended Supply-Use tables
 - Asia-Pacific Economic Cooperation TiVA project
 - North America Initiative with Canada and Mexico (2018)