

## The 2016 Progress Report on APEC Measurement on TiVA under GVCs

Submitted by: Co-Chairs

According to the *Terms of Reference on the Operational Mechanism of the Technical Group on Measurement of APEC TiVA under GVCs* (ToR) and the *Work Plan for the Technical Group on Measurement of APEC TiVA under GVCs* (the Work Plan) endorsed by the APEC Ministers Responsible for Trade Meeting (MRT) and the 27th APEC Ministerial Meeting (AMM) in 2015, China and the United States, as the co-chairs of the APEC TiVA Technical Group, have been jointly carrying forward the work of measurement on TiVA under GVCs.

At the 2<sup>nd</sup> Technical Group meeting held in Shanghai, China on November 4, 2015, participating economies agreed to update the 2015-2016 tasks and activities of work plan of the Technical Group. The tasks and activities agreed upon are identified with headings I and II below.

### I. Tasks of 2015-2016

According to the work plan, the Technical Group needs to accomplish the following tasks:

1. Task One: Participating economies will compile two benchmark years of SUTs or IOTs, and if feasible, the extended SUTs/IOTs under a separate confidentiality agreement;
2. Task Two: Participating economies will complete trade in goods and services data collection, and if feasible, make effort to reconcile them with the SNA statistics;
3. Participating economies will submit their 2016 work plan for task one and two above, meanwhile identify the areas of need for technical assistance and possible sources by the end of January 2016;
4. The Technical Group will group the participating APEC economies to facilitate experience sharing and technical assistance;
5. The Technical Group will continue to pursue data sharing cooperation with ADB, OECD and WTO;
6. The Coordination Working Team will draft a code of conduct for data sharing on the working website of the Technical Group by the end of 2015 and distribute within the Technical Group for comments and suggestions.

### II. Activities of 2015-2016

In order to accomplish the above tasks, the Technical Group needs to carry out the following activities:

1. Hold the 3<sup>rd</sup> meeting of the Technical Group at the margin of 2016 APEC CTI1. At this meeting, the 2016 work plans submitted by participating APEC economies would be shared, and issues related to data sources and compilation methodology would be addressed. Demand on technical assistance will be put forward by the participating APEC economies on voluntary basis, and how to meet such technical assistance need would be determined;
2. Hold the 2<sup>nd</sup> technical training and capacity building workshop, jointly with ADB, OECD, WTO, and UN before 2016 CSOM. At the workshop, participating APEC economies would present their preliminary SUTs. If feasible, selected TiVA and other economic indicators derived from the SUTs would also be presented;
3. Hold the 4<sup>th</sup> meeting of the Technical Group in conjunction with the 2<sup>nd</sup> capacity building workshop to discuss and determine the 2017 work plan; and
4. Submit the 2016 progress report to CTI.

### III. Work accomplished by October 2016

According to the updated work plan 2015-2016, the Technical Group completed the following activities:

1. Held the 3<sup>rd</sup> meeting of the Technical Group on February 25-26, 2016, in Lima, Peru. During the meeting, a total of 17 APEC economies participated, including Australia; Canada; Chile; China; Hong Kong China; Indonesia; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Chinese Taipei; Thailand; and the United States.

Participating economies presented their 2016 work plans, talked about the challenges they were facing, and discussed their technical assistance demand and supply. China and the United States, as co-leading economies, committed to provide technical assistance to other member economies in need. Australia and Canada offered the possibility of providing technical assistance. Chile; Mexico; Hong Kong China; Korea; Chinese Taipei; and Russia expressed that they have no need of technical assistance in compiling domestic SUTs or IOTs though they may like to learn more about developing extended SUTs and trade in value added indicators. Malaysia; Peru; Thailand; and the Philippines provided comments regarding their technical assistance needs. Brunei Darussalam; Indonesia; and Papua New Guinea were still assessing their needs, Co-chairs suggested that the economies in need of technical assistance provide a detailed list of their needs to the Technical Group as well as their training needs at the 2016 capacity building workshop if they have not provided such information in their work plans.

U.S. co-chair Zhi Wang announced his retirement, and William Powers from the U.S. International Trade Commission succeeded him as the U.S. co-chair of the Technical Group for the year of 2016, and he will be followed by Erich Strassner from the U.S. Bureau of Economic Analysis for the year of 2017.

2. Submitted the *APEC Concept Note for Capacity Building Workshop on Strategic Framework on Measurement of APEC TiVA Under GVCs and Its Action Plan* proposed by the United States and co-sponsored by Australia; Canada; Chile; China; Malaysia; Mexico; Papua New Guinea; Peru; the Philippines; and Thailand. This Concept Note has been approved by the APEC.
3. The *Proposed Code of Conduct of the Working Website of APEC Technical Group of Measurement on TiVA Under GVCs* and the *Suggested Classification of Measurement on APEC TiVA* by China and the United States were endorsed by APEC MRT 2016 in May, 2016, in Arequipa, Peru.
4. To ensure success of the 2<sup>nd</sup> capacity building workshop, a *Questionnaire for APEC Measurement on TiVA 2016 Progress Assessment and Technical Assistance/Capacity Building Needs* for all member economies was circulated by the Coordinator of the Technical Group, in cooperation with the US technical working team and the APEC Secretariat. By the end of July, 2016, the Coordinator received responses from 17 member economies, including Australia; Brunei Darussalam; Canada; Chile; China; Hong Kong China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Peru; the Philippines; Chinese Taipei; the United States and Vietnam. Their feedbacks have been considered and incorporated into the workshop agenda.
5. Prepared the operation of the working website of the Technical Group. The Coordinator of the Technical Group sought the update from participating economies regarding the

point of contact to the Technical Group, and the nomination of the point of contact in charge of providing data and administrating online content.

By the end of August, 2016, the Coordinator received the update on the point of contact to the Technical Group from 19 participating economies.

By the end of September, 2016, the Coordinator also received the nomination of the point of contact in charge of providing data and administrating online content from 16 participating economies. Representatives of the technical working teams from Papua New Guinea, Thailand and Viet Nam indicated that they would complete the nomination soon.

6. As of October 21, 2016, 14 participating APEC economies have submitted the data including Australia; Brunei Darussalam; Chile; China; Indonesia; Japan; Korea; Malaysia; Mexico; New Zealand; Peru; the Philippines; Chinese Taipei; and the United States. Canada and Thailand indicated that they will submit the required data by the end of November 2016.
7. Held the 2<sup>nd</sup> capacity building workshop. The workshop has been held successfully and achieved the desired objectives between October 17-21, 2016, in Bangkok, Thailand with the financial support from the APEC and U.S-ATAARI.

A total of 78 participants from 19 APEC economies (except Hong Kong, China and Singapore) and international organizations such as ADB, OECD, WTO, UNSD and UNESCAP attended this robust and engaging technical workshop. During the 5-day workshop, 15 sessions were held covering topics such as benchmark year, time series, and extended SUTs compilation; 2008 SNA changes; constructing IOTs from SUTs; TiVA indicator calculation; and the policy application of GVC analyses. At these sessions, speakers shared their experiences and expertise in data collection, compilation, and reconciliation, as well as the construction of IOT/SUT with firm heterogeneity. Through three topic interactive sessions, participants discussed and explored ways and strategies to address challenges and difficulties. The participants expressed great appreciation toward staff from US-ATAARI, USITC, USBEA, the US Department of States, and USAID for their fruitful, hard work.

8. Held the 4<sup>th</sup> Meeting; of the Technical Group on October 21, 2016, in Bangkok, Thailand. Representatives from 17 APEC economies and 5 international organizations attended the meeting. These 17 APEC economies were Australia; Brunei Darussalam; Canada; Chile; China; Indonesia; Korea; Malaysia; Mexico; New Zealand; Papua New Guinea; Peru; the Philippines; Russia; Thailand; the United States; and Viet Nam. The 5 international organizations were Asian Development Bank (ADB), Organization of Economic Cooperation and Development (OECD), World Trade Organization (WTO), United Nations Statistics Division (UNSD) and United Nations Economic and Social Commission for Asia and the Pacific (UNESCAP).

Representatives applauded the latest working progress of the technical group reported by Coordinator of the technical group.

Representatives discussed and agreed the 2017-2018 Work Plan, which identified five major areas of technical work; called for the establishment of a Core Technical Task

Force (CTTF); and listed the timeline and corresponding deliverables in 2017 and 2018. Participated economies stressed the importance of a transparent and open process for the CTTF technical work.

Following the endorsement of the 2017-2018 Work Plan, representatives agreed on China's nomination of Mr. Yaxiong Zhang and the United States' nomination of Mr. Zhi Wang as co-technical leaders of CTTF.

Co-chairs presented the *Suggested Benchmark Years for Measurement of APEC TiVA under GVCs*. Representatives discussed and agreed 2005 and 2012 as the two benchmark years for the APEC TiVA database. For the economies that do not plan to produce or submit these benchmark year data, the CTTF will estimate and update the data on their behalf, in collaboration with the Member's Technical Working Teams (MTWT) in participating economies, if applicable.

China introduced its plan to submit the APEC concept note for the APEC funding application for the 3<sup>rd</sup> APEC TiVA Capacity Building Workshop in 2017. The United States expressed its support and intent to co-sponsor the concept note.

#### **IV. Expected deliverables in 2016**

1. The data of trade in goods based on HS 6 digital level around the years 2005 and 2012, as well as the data of trade in services around the years 2005 and 2012 reconciled with the SNA statistics as detailed as possible, submitted by participating economies;
2. The SUTs/IOTs for the benchmark years, and if applicable, the extended SUTs/IOTs, based on the *Suggested Classification of Measurement on APEC TiVA*, submitted by participating economies;
3. Summary report on the 2<sup>nd</sup> technical training and capacity building workshop with copies of presentations at the workshop;
4. Summary report on the 4<sup>th</sup> meeting of the Technical Group and documents discussed at the meeting;
5. The Work plan 2017 -2018 of the Technical Group;
6. The 2016 progress report of the Technical Group.