

Summary Report on APEC Measurement of APEC TiVA under GVCs

I. Background

1. At the 22nd APEC Economic Leaders Meeting on November 11, 2014, in Beijing, China, the APEC Economic Leaders endorsed the *APEC Strategic Blueprint for Promoting Global Value Chains (GVCs) Development and Cooperation* to create an enabling environment for GVCs. The GVC Blueprint identifies 10 work streams. The *APEC GVCs and TiVA Measurement Initiative* (the APEC TiVA Initiative) co-led by China and the United States is one of the 10 work streams.

2. In 2014, APEC Leaders endorsed the *Strategic Framework on Measurement of APEC TiVA under GVCs* and the *Action Plan on this Strategic Framework* and instructed the newly-formed technical group to work closely with the WTO, OECD, the World Bank, UN and other related international organizations, with an aim to complete the construction of the APEC TiVA Database by 2018.

II. Objectives of the Stream

3. In this stream of the *APEC Strategic Blueprint for Promoting Global Value Chains (GVCs) Development and Cooperation*, APEC economies made efforts toward the following objectives:

- Complete the construction of the core APEC Supply-Use Table (APECSUT) and/or the APEC Input-Output Table (APECIOT).
- Using the APECSUT/APECIOT core database, the technical group members and experts from international organizations work together to complete an APEC TiVA Database, as well as related Economy Notes to ensure effective documentation and replicability.
- Determine the strategy for the APEC TiVA Database that can be integrated into the WTO-OECD TiVA Database.

III. Tasks of the Stream

4. The tasks of this work stream followed the *Work Plan of the Technical Group of APEC Trade in Value Added (TiVA) under Global Value Chains* are as follows:

- Collect detailed SU or IO tables from APEC member economies and determine the industry classification (major economic sector) to be used in constructing a long time series of APECSUT/APECIOT.
- Complete the data collection and reconciliation of Trade in Goods, Trade in Service and Socio-Economic Account (KLEMS) by each member economy of APEC.
- Explore the data collection of FDI flows and, within value added, the allocation of profits to domestic and foreign firms, if feasible.
- Based on the availability of firm level data, assess the feasibility of producing additional breakdowns of major economic sectors that reflect the degree of integration of firms within global value chains.
- Integrate the available firm level data with individual SUT or IOT if feasible.

- Complete the construction of APECSUT/APECIOT by major economic sector, and APECSUT/APECIOT by major economic sectors with enterprise heterogeneity if feasible.
- Complete the APEC GVCs TiVA Database as well as related Economy Note.
- Complete the integration of the APEC TiVA Database with the WTO-OECD TiVA Database.

IV. Operational Mechanism

5. Based on the *Terms of Reference on the Operational Mechanism of the Technical Group on Measurement of APEC TiVA under GVCs*, economies agreed to operate through the following structure:

- **Improved Division of Labor**

There are three types of working teams within the technical group chaired by China and the United States including: the Core Expert Working Team (CEWT), the Technical Working Team by each APEC economy of (MTWT) and the Coordination Working Team (CWT). In addition, the Core Technical Task Force (CTTF) with two divisions was also established under the technical group to carry out the technical work.

- **Improved Capacity Building**

China hosted the 1st capacity building workshop in Beijing and Shanghai, China with the financial support from China MOFCOM during October 22-November 5, 2015; the United States hosted the 2nd capacity building workshop in Bangkok, Thailand with the financial support from APEC and U.S.-APEC Technical Assistance to Advance Regional Integration (U.S. – ATAARI) during October 17-21, 2016; China hosted the 3rd capacity building workshop in Nanning, China during August 7-18, 2017 with the financial support from APEC and China MOFCOM. All of three capacity building workshops were held successfully and achieved the desired objectives.

- **Improved Collaboration**

The technical group led by China and the U.S. co-chairs strengthened the collaboration through: holding regular meetings of the technical group, establishing the Points of Contact to the Technical Group System, operating the Working Website of the Technical Group, improving the Bilateral Consultation Mechanism between China and the United States and realizing the interactive technical work between MTWT's and CTTF.

V. Key Deliverables by the end of 2018

6. The following key deliverables are expected:

- APEC SUTs with discrepancies
- Balanced APEC IO tables

VI. Remaining Work

7. The majority of APEC TiVA work has been completed and we are on track to complete the construction of the APEC TiVA database and wrap up the APEC TiVA Initiative in the upcoming months. Remaining work includes:

- Developing major TiVA indicators;

- Completing the integration of the APEC TiVA Database with the WTO-OECD TiVA Database;
- Constructing the Online APEC TiVA Database Website;
- Organizing the 4th capacity building workshop and the 6th meeting of the technical group in Chile; and
- Producing a detailed project report.

VII. The Way Forward

8. As instructed by the *APEC Strategic Blueprint for Promoting Global Value Chain Development and Cooperation*, we intend the APEC TiVA Database to serve as an effective tool in understanding the impact of global production networks in economies, and contribute to conducting policy impact assessments as well as aiding policy development.