CSO SEMINAR ON GLOBALISATION MEETING THE MEASUREMENT CHALLENGES

Michael Connolly
National Accounts Integration and LCU
Consequences for Statistics of Globalisation

- Traditional modes of collecting data required modification – cross border trade in goods
- New approaches to obtaining data – LCU type collection
- One data set for many purposes
- Data linking and coherence
- Quality assurance is critical
Section 1
Production and Distribution
MNE concentration - top 10 Exporting Companies (2016)

Exports
Imports

Top10
Remainder

Exports
Imports

Top10
Remainder

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Sources

- LCU Surveys
- International Trade - Exports & Imports of Goods
- Corporation Tax and Self Employed Tax Files
- EHECS
GVC Framework

- Production stage
- Value added
- Assembling
- Manufacturing
- Logistics
- Marketing
- Branding
- Design
- R&D
- Innovation
- Standardization
- Upstreamness
- Downstreamness

Production stage:
- Manufacturing
- Assembling

Value added:
- Standardization
- Innovation
- R&D
- Design
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<th>2016 Q1</th>
<th>2016 Q2</th>
<th>2016 Q3</th>
<th>2016 Q4</th>
<th>2016 Total</th>
<th>2017 Q1</th>
<th>2017 Q2</th>
<th>2017 Q3</th>
<th>2017 Total</th>
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Conceptual Adjustments to Goods Exports

Total Sum of LCUQ_MerchTransExportAdjust
Total Sum of LCUQ_TradeExport

Q116
Q216
Q316
Q416
Q117
How do we do it?

- Use of indicators to link data
- Central Business Register Identifier
  - Enterprise Number
  - Local Unit
- VAT Number
- Corporation Tax number
- Company Registration Office (CRO)
- PREM Number - Employer Tax registration Number
Section 2:
Investment
Investment

- Intangibles
  - R&D
  - Software
- Machinery and Equipment
- Dwellings
- Transport
- Buildings and Structures
- Cultivated Assets
Data Sources

- LCU Surveys
- International Trade
Challenges

- BEPS
- Double Irish - phasing out
- Stateless companies - eliminated
- Corporate relocations and purchases of IPP
- Increasing importance of intangible assets
- Investment frontier - R&D and previously software
- Branding and other intangible assets
- Human capital
How

- LCU Outreach
- Tax files - incentivised R&D
- Identify corporate model – Corporate Restructuring
- Change in economic ownership
- On shoring IPP - royalty payments cease / exports of royalties
Section 3: Productivity
Multi Factor Productivity 2000 - 2016
GVA Decomposition: Information and Communications
Section 4
Digital Economy
Potential Framework: Dimensions of the digital economy

- **Included in the SNA production boundary**:
  - Corporations
  - Households
  - Government
  - NPISH
  - ROW

- **Excluded from the SNA production boundary**:

- **Producers ('who')**:
  - Corporations
  - Households
  - Government
  - NPISH
  - ROW

- **Product ('what')**:
  - Goods
  - Services
  - Information/data

- **Nature ('how')**:
  - Digitally ordered and/or Platform enabled and/or Digitally delivered

- **Users ('who')**:
  - Corporations
  - Households
  - Government
  - NPISH
  - ROW

**Enablers**
Section 5:
Redomiciled PLCs
Total Profits - Dividends = Net Income of Redomiciled PLCs

Net Income of Redomiciled PLCs

€mn

- 2008: 0
- 2009: 1,000
- 2010: 5,000
- 2011: 5,000
- 2012: 7,000
- 2013: 6,000
- 2014: 7,000
- 2015: 5,000
- 2016: 6,000
Section 6: A New Approach
Modified GNI (GNI*) - 2016

GDP €275,567m + Net Factor Flows - €48,818m = GNP €226,749m + EU Taxes and Subsidies + €994m = GNI €227,742m + Adj. for aircraft, IP depreciation and redomiciled companies - €38,579m = GNI* €189,163m
Debt to GDP/GNI* Ratios

<table>
<thead>
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<th>Year</th>
<th>Debt/GDP Ratio</th>
<th>Debt/GNI* Ratio</th>
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<tbody>
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<td>2012</td>
<td>119.6</td>
<td>157.8</td>
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<td>2013</td>
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<td>2014</td>
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<td>116.5</td>
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<tr>
<td>2016</td>
<td>72.8</td>
<td>106.0</td>
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Total Domestic Demand v’s Modified Total Domestic Demand

Total Domestic Demand includes Personal and Government Consumption Expenditure, and Investment (capital formation)

Modified Total Domestic Demand excludes Intellectual Property Products and Aircraft for leasing from Investment
BOP Modified Current Account (CA*) excludes the impact of depreciation and imports relating to IP and Aircraft and also excludes net income of redomiciled PLCs.
Further Indicators

- Annual GNI* in constant prices
- Quarterly GNI* in constant prices
  - Entail – quarterly depreciation
- Structural indicator - micro ownership based data
Summary

• Impact of Globalisation constantly evolving
• CSO strategy around LCU
• Importance of intangibles in Investment
• Productivity analysis for publication
• Value of new indicators to “deglobalise” GNI, etc.
• Challenge of micro based structural variables