



FESAC

Federal Economic Statistics
Advisory Committee

Bureau of Economic Analysis • Bureau of Labor Statistics • Census Bureau

Filling Data Gaps in International Trade Statistics: In the last several decades, the continued advance of technological progress in information, transportation and management has accelerated the process of globalization. Goods are no longer produced exclusively within a country's borders; rather, goods can be produced using a combination of physical and intangible inputs that may be sourced from multiple locations, may cross borders multiple times, and may or may not change ownership as they do so. These are the hallmarks of the modern production landscape: production and sourcing fragmentation. Multinationals and trading firms are at the heart of understanding modern cross-border economic linkages due to their oversized role in mediating trade and direct investment. Federal statistics that measure changes in modern production and sourcing arrangements must accurately identify these globally engaged firms and their activities, through surveys, censuses, administrative data and innovative statistics. In this session, we showcase initiatives by Census, BEA, and BLS to provide data that address these measurement challenges. The Census Bureau is developing business dynamics statistics for globally engaged firms that require accurately identifying the universe of traders of goods and services and of multinationals. While measurement of global engagement through merchandise trade and multinational activities are more well-developed, there are notable gaps in services trade measurement. BEA is developing extended supply/use tables that feature firm heterogeneity (multinational status, trading status, size) and is incorporating other new data into international trade statistics. BLS recently published a satellite net inputs to industry price index series for both domestically produced and imported inputs to U.S. private industry. The aforementioned gap in services trade affects net input price index measures as well. All three efforts rely on accurate identification of firms' global activities. In this session, we will present an overview of the data gaps and measurement challenges from an outside speaker¹, a summary of the projects in the three agencies, and a panel discussion from the committee with 2 preselected members being forwarded questions and ask to think about a response. Important questions include: how to improve measurement of services trade activities; whether and what sort of new data collection efforts are needed to improve accuracy in identifying globally engaged firms and their activities; what are the critical economic policy concerns that improved measurement could contribute to; how effective are current U.S. trade statistics in accurately measuring the contribution of trading firms to U.S. and international employment, output, and productivity; what is the value that a single-country approach to producing international statistics relative to the efforts of international statistical agencies (e.g., OECD) that produce similar statistics with more comprehensive information but at a coarser level of detail and with longer delays.

¹ J Bradford Jensen (McDonough School of Business, Georgetown University), an expert on international trade and trade in services.