Draft Terms of Reference on the Operational Mechanism of the Technical Group on Measurement of APEC TiVA Under GVCs

Purpose: Information
Submitted by: China, United States
I. Background

In 2013, APEC Leaders agreed to promote GVC development and cooperation among the APEC region on the basis of work on connectivity. In 2014, at the MRT in Qingdao, China, Ministers approved the Strategic Framework on Measurement of APEC TiVA under GVCs. At SOM3 in August, 2014, APEC economies endorsed the Action Plan on the Strategic Framework on Measurement of APEC TiVA under GVCs. Given the technical complexity of building such a database, APEC economies agreed that a Technical Group will be established for the life of the project that will draw upon experts from APEC member economies, academic experts, and interested international organizations such as the WTO, OECD, Asian Development Bank, the World Bank, and United Nations. The Technical Group will be chaired by experts from China and the United States and will coordinate the work on the database and will report regularly to the CTI mentioned by the action plan. On November 11, 2014, at the 22nd APEC Economic Leaders' Meeting in Beijing, China, the Leaders endorsed the Strategic Framework on Measurement of APEC TiVA under GVCs and the Action Plan on the Strategic Framework on Measurement of APEC TiVA under GVCs, 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 completing the construction of the APEC TiVA Database by 2018 (see details from the 22nd APEC Economic Leaders’ Declaration: Beijing Agenda for an Integrated, Innovative and Interconnected Asia-Pacific).

II. Objectives

Based on the Strategic Framework on Measurement of APEC TiVA under GVCs and the Action Plan on this Strategic Framework, and working with experts in member economies and international organizations through the Technical Group, APEC economies will make efforts to fulfill the following specific objectives:

1. Complete the construction of core APEC Supply-Use Table (APECSUT).
2. Using the APECSUT 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.
3. Determine the strategy for APEC TiVA Database that can be integrated into the WTO-OECD TiVA Database.

III. Tasks
Considering and respecting the difference on statistics mechanism of APEC member economies especially the developing member economies and difficulties on data availability & technical support as well as date confidentiality during the construction of the TiVA Database, the tasks of the technical group are as follows based on the Action Plan on the Strategic Framework on Measurement of APEC TiVA under GVCs:

1. Collect detailed SU and IO tables from APEC member economies and determine the industry classification (major economic sector) to be used in constructing a long time series of APEC SUT.
2. Complete the data collection and reconciliation of Trade in Goods by each member economy of APEC.
3. Complete the data collection and reconciliation of Trade in Services by each member economy of APEC.
4. Complete the data collection and reconciliation of Socio-Economic Account (KLEMS) by each member economy of APEC.
5. Explore the data collection of FDI flows and, within value added, the allocation of profits to domestic and foreign firms.
6. Using firm level data (business registers, census, surveys, trade registers), assess the feasibility of producing additional breakdowns of major economic sectors that reflect the degree of integration of firms within global value chains – for example on the basis of: ownership (domestic/foreign), export intensity (exporters/non-exporters), production model (processing, non-processing), etc.
7. Integrate the results of the exercise on firm level data within available individual SUT and IO tables. Complete the construction of APECSUT by major economic sector, and APECSUT by major economic sectors with enterprise heterogeneity.
8. Complete the APEC GVCs TiVA Database as well as related Member Economy Note.
9. Complete the integration of the APEC TiVA Database with the WTO-OECD TiVA Database.

IV. Composition

Based on the Action Plan on the Strategic Framework on Measurement of APEC TiVA under GVCs, there are three types of working team within the technical group chaired by experts from China and US, including the Core Expert Working Team, the Technical Working Team by APEC member economies and the Coordination Working Team. The co-chairs of the technical group will be taken by one expert from China and one expert from US who has sufficient technical capacity and reputation in the international statistical community. To ensure the continuity and accountability of the database construction, their term of appointment should last until the end of 2018, if a change has to be made by either side, advance notice of at least 3 months is required.

1. The Core Expert Working Team

The core expert team chaired by experts from China and the United States, who are the team members as well, will draw upon experts from APEC member economies, academic experts, and interested international organizations such as the WTO, OECD,
ADB, IADB, the World Bank, IMF and UN. The APEC member economies and other stakeholders are welcomed to nominate 1-2 experts each to join the core expert team on the voluntary basis. The co-leaders of the team will be taken by co-chairs, whose term should last until the end of 2018, of the technical group concurrently. The tasks are as follows:

A. To determine the industry classification (major economic sector) to be used in constructing a long time series of APEC SUT based on the collections of detailed SU and IO tables from APEC economies.

B. To provide technical support and capacity building for each member economy of APEC to complete the data collection and reconciliation of Trade in Goods, Trade in Services, Socio-Economic Account (KLEMS) and Enterprise Heterogeneity by each member economy of APEC as well as the construction of individual SUT by major economic sector, and individual SUT by major economic sectors with enterprise heterogeneity.

C. To complete the construction of APECSUT by major economic sector, APECSUT by major economic sectors with enterprise heterogeneity, the APEC TiVA Database as well as related Member Economy Note as well as the integration of the APEC TiVA Database with the WTO-OECD TiVA Database.

D. To make assessment on the work performances, draft and make regular work progress report to CTI with copies to the members technical working team and the coordination working team.

2. The Technical Working Team by each member economy of APEC

The member’s technical working team led and composed by its own experts. The tasks of this type of work team are as follows:

To complete the data collection and reconciliation of Trade in Goods, Trade in Services, Socio-Economic Account (KLEMS) and Enterprise Heterogeneity of each member economy of APEC as well as the construction of individual SUT by major economic sector, and individual SUT by major economic sectors with enterprise heterogeneity according to the technical standard determined by the core expert working team. And to make reports to co-chairs of the technical group on the progress of the work as well as to put forward relevant opinions and suggestions regarding APEC TiVA database construction with copies to the core expert working team and the coordination working team.

3. The Coordination Working Team

The tasks of the coordination working team are as follows:

To play a role as a coordinator of the technical group handling the day-to-day affairs of the technical group, communicating with CTI under APEC, coordinating the works on the database conducted by the core expert working team and each member’s technical working team according to time schedule specified in the work plan to construct, operate and maintain a working website of the technical group, and to organize the regularly meetings of the technical group and other related matters.

China offers and US agrees to set up this team at Shanghai WTO Affairs Consultation Center / Institute of Global Trade & Investment in cooperation with US International Trade Commission. An expert from China will be nominated as the coordinator as his/her term should last to the end of 2018.
V. Funding

The funding on the technical group will be based on PPP mechanism, the sources will be from:
1. A certain financial support provided by APEC.
2. The funding of the member’s technical working team should be raised by own economy.
3. China and US jointly lead the effort to raise funds supporting the operations of the core expert working team and the coordination working team.
4. The financial support from interested organizations such as the WTO, OECD, ADB, IADB, the World Bank, IMF and UN are sincerely welcome.
5. The financial support from public or private sectors among APEC and non-APEC members are also sincerely welcome.

VI. Rules

1. To actively promote all APEC member economies to participate in the technical group on the voluntary basis.
2. All the decisions and arrangements of the technical group should be based on the APEC’s principle of consultation and consensus.
3. On the basis of respect of the will of other member economies of APEC, China and US, as co-chairs of the technical group, should conduct prior consultation to reach consensus in all of the decisions and arrangements of the technical group.
4. All activities of the technical group should be overseen and led by CTI under APEC.
5. Technical Group will actively cooperate with relevant international organizations based on requirements of the Beijing Agenda. Experts from international agencies and academic institutions of the core expert working team will be nominated by members of the technical group and coordinated by China and US. The co-chairs of the technical group will jointly invite these experts assisted by the coordination working team after the endorsement of the CTI under APEC.
6. To encourage developing member economies to receive technical support, capacity building, even financial assistance by advanced member economies.
7. The technical group will hold 1-2 meetings each year during the first two years, and then likely 1 meeting per year during the last 2 years.
8. During the construction of the TiVA Database, the difference on statistics mechanism of APEC member economies especially the developing member economies and difficulties on data availability & technical support as well as date confidentiality should be considered and respected.

VII. Review Clause

The technical group on measurement of APEC TiVA under GVCs will produce a detailed report containing work progress and recommendations of detailed annual work plan for next year to CTI annually. Each member economy will discuss the
report and provide feedback. The CTI will review the implementation of the *Action Plan on the Strategic Framework on Measurement of APEC TiVA under GVCs* during the period of SOM 3 under APEC in 2018.