

Statistics and Globalization:

Old and new challenges

LISBOA | INE | 20 october 2011

Conclusions and Recommendations

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CONSELHO SUPERIOR DE ESTATÍSTICA



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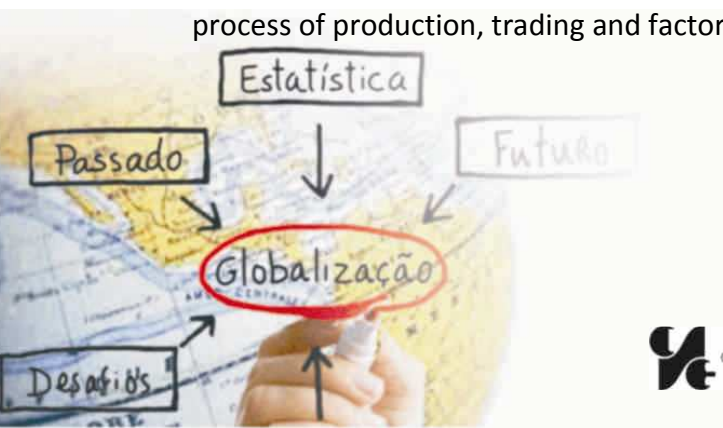
Introduction

A Workshop entitled “*A Estatística e a Globalização: Velhos e novos desafios*” (“Statistics and Globalisation: Old and new challenges”) was held on 20 October 2011, at Statistics Portugal, organised by the Standing Section of Economic Statistics of the Statistical Council, chaired by **Professor João Ferreira do Amaral**. This Workshop was targeted at reflecting on the old and new challenges posed by the globalisation phenomenon to national statistical production, assessing how national statistical systems tackle the increasing challenges of globalisation, and the possibility of statistical production making a contribution to a better structuring of policies and reforms, so that national economies may reap greater benefits from the effects of globalisation.

Context and objectives

The effects of globalisation have been passing through across various areas of knowledge struggling with a need to revise previously stabilised concepts and approaches. Also in the field of statistical production globalisation poses considerable challenges, namely resulting from the liberalisation of capital movements and deregulation of financial services, the further opening-up of markets to trade, investment and tourism, increased international competition and the key role played by information technologies.

Statistical production entities remain of national scope in terms of their organisation and data compilation, but globalisation requirements pose measurement challenges at international level. Statistical concepts that used to be “national” must incorporate an international and multidisciplinary dimension to adequately reflect the current reality of the process of production, trading and factor mobility.



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The effects of globalisation need to be monitored in as many countries as possible, due to an increasing interdependence of economies and societies.

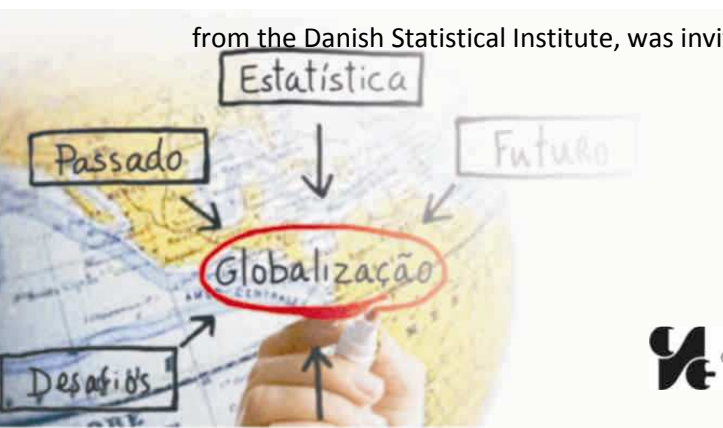
In turn, in a global environment there is an increasingly urgent need for objective and quantified data. How can national statistical systems tackle these rising challenges and help measure the intensity of globalisation? How can statistical production contribute to a better structuring of policies and structural reforms so that national economies may reap more benefits from globalisation?

Programme

The programme is included in **ANNEX**.

Methodology

Considering the importance of ensuring diversity of opinion, the methodology used to boost the forum consisted in three panels moderated by specialists of the three areas. The first was on financial statistics, moderated by **Ms. Teodora Cardoso**, member of the Board of Directors of Banco de Portugal and member of the Statistical Council, the second on international trade and e-commerce, Offshoring & Outsourcing, moderated by **Professor João Leão** – Head of the Office for Strategy and Studies of the Ministry for Economy and Employment and member of the Statistical Council, and the third on the labour market, moderated by **Mr. José Luís Albuquerque**, Head of the Strategy and Planning Office of the Ministry of Solidarity and Social Security and member of the Statistical Council. **Professor José Félix Ribeiro** was invited as the keynote speaker for the opening session, jointly with seven speakers specialising in the three fields in focus. **Mr. Peter Bøegh Nielsen**, Head of the Division of Business Statistics, Globalisation, Information Society, R&D and Innovation, from the Danish Statistical Institute, was invited as speaker for the closing session.



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Participants

There were 353 invitations and 101 registrations in this Workshop. 93 persons took part in it, among which members of the Statistical Council and other representatives therein, notably within the scope of economic Working Groups, and representatives of organisations with a more direct involvement in these themes.

Opening session

The opening session was presided over by the President of Statistics Portugal and Vice-Chairman of the Statistical Council, **Ms. Alda de Caetano Carvalho**. Ms. Carvalho pointed out the passing-through of the effects of globalisation to the different areas of knowledge and statistical production, to which it has been posing considerable challenges at various levels, particularly: the liberalisation of capital movements and deregulation of financial services; the further opening-up of markets to trade, investment and tourism, increased international competition and the key role played by information technologies. She underlined the importance assigned by the Statistical Council to the work of this type of forum, for contributing to a broadly based debate across all intervening parties and because the conclusions drawn lead to the issue of recommendations to statistical producers.

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A BBC documentary was shown prior to the start of the Workshop. Entitled “The Joy of Stats”, it transformed statistics into interactive graphic animation, and during four minutes showed the evolution of 200 countries in all continents over the past 200 years.

Keynote speaker | Professor José Manuel Félix Ribeiro

In the opening session on “**A Globalização e a Economia Portuguesa – Serviços transacionáveis, movimentos de capital e setor imobiliário – três focos de crescente importância**” (“Globalisation and the Portuguese Economy – tradable services, capital movements and real estate sector – three



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hubs of growing importance”), the speaker put into perspective how worldwide changes have had a long-lasting impact on Portugal’s functions in Europe’s geoeconomy, referring to the threefold function performed by Portugal in the 1965-2000 period and the overlapping of five waves of Portuguese exports up to 2000.

Stress was laid on the key relevance of statistical data and their use to improve the understanding of Portugal’s situation vis-à-vis economic flows and international players.

1st Panel | Financial statistics

Mr. Rodrigo Oliveira Soares, Senior Economist at the European Central Bank, started the presentations, under the theme “**Estatísticas Financeiras para uma Economia Global: Desafios numa Perspetiva Internacional**” (“**Financial statistics for a global economy: Challenges from an international perspective**”). He addressed the current situation of statistics, the loss of some of their relevance and the need to measure new phenomena, in particular by complementing national accounts with information making it possible to know how the economy is becoming internationalised. For example, statistics on direct investment are favoured if they contain a breakdown by origin or final destination of investment in addition to the country of the direct counterpart. Another trend involves using increasingly more information compiled in other countries on positions and transactions with residents; such statistics are published by international organisations such as the International Monetary Fund (portfolio investment) and the Bank for International Settlements – BIS (loans and bank deposits). Specific themes were approached, relating to direct investment, balance of payments and international investment position.

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In the second intervention, entitled “**Relevância da Posição de Investimento Internacional de Portugal no Mundo Globalizado**” (“**Relevance of the Portuguese international investment position in a globalised world**”), **Mr. João Cadete de Matos**, Head of the Statistics Department of Banco de Portugal and Member of the Statistical Council, contemplated on how financial statistics may help to better understand Portugal’s situation in the context of a globalised world. His analysis focused on the “international investment position” (IIP) indicator, which is frequently given less attention but whose interpretation and release is particularly important in the current context.

On the challenges posed by globalisation to the compilation of statistics, he mentioned the development of major economic groups, the role of holdings in the management of economic groups, transfer prices, profit-making at global scale, controlling relationships, the role of offshores, cash pooling, among others.

Statistical entities have responded by developing and applying a series of new concepts and instruments to statistical compilation (e.g. extended directional principle, fellow companies, ultimate controlling unit, coordinated direct investment survey), and fostering cross-border cooperation networks (European Group Register, FDI Network).

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In its direct investment statistics Banco de Portugal publishes corrected statistics on investments made through the Madeira offshore, seeking to ensure greater statistical detail on operations carried out through financial vehicles such as offshores.

A positive development relates to the easy use of new technological instruments to treat statistics, which allow for the treatment of microdata. This is one of the areas of investment of Banco de Portugal. It is now possible to treat large individual databases and extract key data to complement the already existing macrodata.



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2nd Panel | International trade | E-Commerce | Offshoring & Outsourcing

With regard to “**Desafios da Globalização para as Estatísticas de Comércio Externo**” (“**Challenges of globalisation for external trade statistics**”), Ms. Elsa de Morais Sarmiento, teacher at Universidade de Aveiro and a former member of the Statistical Council, introduced the issue with a historical, economic and financial approach to the globalisation phenomenon.

She referred to the impact of globalisation on the production of statistics, notably as regards the breaking down of national and legal borders, which has resulted in a greater difficulty in applying standard statistical definitions such as the concept of “domestic” or “external” to economic activities and establishing the differences between “resident” and “non-resident” economic units. These difficulties also extend to the delimitation of statistical analysis topics as regards measuring the effects of globalisation, given the strong interaction between external trade, investment, innovation and the dissemination of technology. At the macroeconomic level, for national economies international transactions play an increasingly important role, jointly with the cross-border ownership of financial assets.

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Reference was made to the need to incorporate an international and multidisciplinary dimension into the “national” statistical concepts, to extend data compilation to a more standardised level that is compatible with the greatest possible number of countries, the need to link micro and macroeconomic statistics, and the impact on the compilation and interpretation of national accounts, notably specific macroeconomic aggregates such as the income level.

In general, suggestions pointed to innovative approaches for combining administrative data with already available statistical data, while establishing closer relationships with other entities producing information and reconsidering statistical data collection instruments, identifying possible links between the different microdatabases, such as the Simplified Business Information (IES in Portuguese). It was suggested that the statistical system must move from its traditional purely “technical” statistical compilation role (basic data production) to a more explanatory and analytical role (metadata production). Suggestions also included a number of ways to account for the activity of multinational enterprises.



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With regard to “E-Commerce como oportunidade para Portugal: A importância de conhecer o mercado” (“E-Commerce as an opportunity for Portugal: The importance of knowing the market”), **Mr. Manuel Paula**, Vice-President of the Association of Electronic Commerce and Interactive Advertising (ACEPI in Portuguese) characterised the globalisation phenomenon from the viewpoint of opportunities (global opportunities, available to all) and threats. In the case of enterprises, opportunities are mainly focused on access to new markets. For citizens, they focus on access to a greater variety of products, services and to information. On the digital business, he also mentioned that there is limited knowledge as to the actual value of transactions conducted via e-commerce in Portugal, particularly as regards the volume of sectoral sales of Portuguese enterprises and the volume of consumer purchases. This implies that the effects of globalisation on national exports and imports cannot be quantified. Stress was laid on the relevance of statistics to market knowledge, a key aspect to support economic agents’ investment and financing decisions, promote economic development and for the competitive positioning of Portugal in the global economy.

He enumerated some of ACEPI’s projects, such as the *Barómetro do Comércio Eletrónico* (E-Commerce Barometer – quarterly publication), the Directory of Entities (whose purpose is to identify and organise data from all enterprises promoting e-commerce and business activities over the Internet), among others. The challenges pointed out were essentially the identification of market players, the classification of business models, the categorisation of market segments, and the definition of trading markets. The use of statistics offers an opportunity to consolidate and harmonise indicators, quantify business areas, provide information to potential entrepreneurs and for Portugal to be considered in this context, at a worldwide level.

On “Estatísticas da Globalização” (“Globalisation Statistics”), **Ms. Paula Bordelo** from the Economic Statistics Department of Statistics Portugal presented the main studies under development within the scope of globalisation statistics, which are incorporated into the Community statistical programme for 2008-2012.



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Of the several projects developed by the European Commission within the scope of structural business statistics and which are one of the priorities of national statistical activity, Ms. Bordelo described four initiatives, and complemented them with the following results:

1. Statistics on foreign affiliates in Portugal (FATS Inward)

Statistical compilation ensured by Statistics Portugal since 1999 (Regulation 716/2007).

2. Statistics on international sourcing

Compiled through a survey held by Statistics Portugal in 2007.

3. Cross-checking of microdata

Subsequent process of establishing links between microdata, conducted in the course of 2010, for the 2000-2008 reference period, with the purpose of better understanding the international sourcing phenomenon. It consisted in linking data from the survey on international sourcing to economic data from structural business statistics and international trade in goods statistics.

4. Global value chains

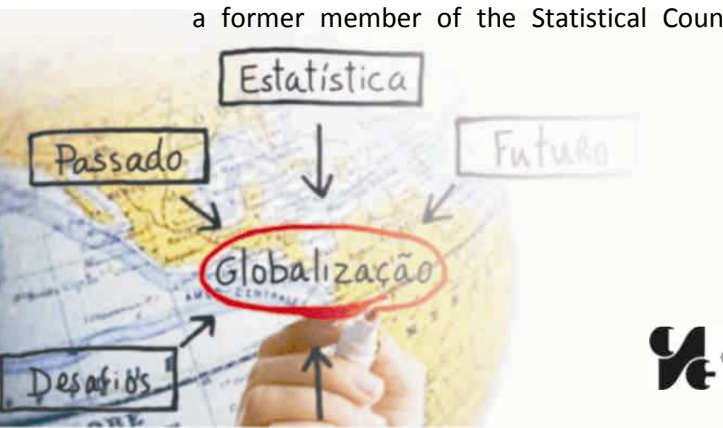
This is the most recent project, currently under way, within the framework of the Communication from the Commission of March 2010 “Europe 2020 - A strategy for smart, sustainable and inclusive growth”. Its purpose is to develop measurement methodologies to analyse global value chains and their impact on economic growth and job creation in Europe. It was developed by 5 countries, among which Portugal.

A new survey on “Global value chains” is forecast to be launched in 2012, a project under the auspices of Eurostat, led by Denmark.

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3rd Panel | Labour market

In his intervention on “**Globalização, Desregulação e novas formas de Regulação**” (“**Globalisation, deregulation and new types of regulation**”), **Professor António Dornelas**, teacher at ISCTE-IUL and a former member of the Statistical Council, listed a few conceptual issues and some of the



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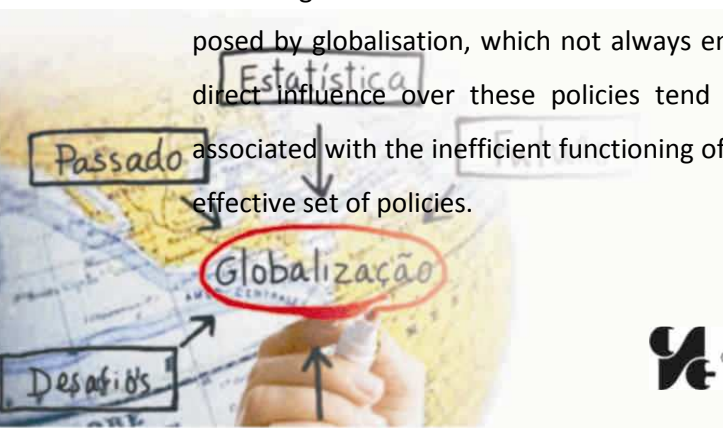
transformations under way in labour markets: the so-called “Flexibilisation at the margin”, atypical employment growth, the segmentation of labour markets between insiders and outsiders, atypical employment, which continues to account for the largest share in advanced capitalist societies, the widening of the “grey area”, with a growing lack of coincidence between legal subordination and economic dependence, the reduction of the weight of wages in wealth created, and the increase in inequality.

The second intervention was on “**Globalização e Mercado de Trabalho: Estatísticas e Resultados**” (“**Globalisation and labour market: statistics and results**”). **Professor Mário Centeno**, Deputy Head of the Economics and Research Department of Banco de Portugal, emphasised the importance of the globalisation phenomenon, notably its impacts at the level of the productive structure, trade between countries, wages and employment – key variables of the labour market – and inequality in income distribution.

He characterised globalisation through the increase in trading at global level, the emergence of new trade players, and the change in the pattern of existing comparative advantages. These phenomena have forced countries to try and develop new comparative advantages. Furthermore, globalisation also led to quite significant changes in the labour market.

The results of the economic analysis of the impact of globalisation have not always been consensual. There is a debate around the different economic areas on which it has an impact, which places international economy, development and labour in dispute. The most recent studies continue to report mixed results. Some authors point to the negative effects on regional labour markets (e.g. in the US, affected by trade with China, with a consequent loss in employment and increase in the use of State aid). Other authors emphasise the positive impacts on innovation and progress induced by globalisation, with the creation of new products, access to new markets and new opportunities in the labour market.

This disagreement has reflections on the designing of economic policies to tackle the challenges posed by globalisation, which not always end up being the most correct. Agents that have a more direct influence over these policies tend to protect their economic rents. These, in turn, are associated with the inefficient functioning of these markets, not leading to the implementation of an effective set of policies.



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Globalisation trends were also put into perspective. The technological advance in the 1980s and 1990s depressed relative demand for unskilled labour, benefiting more skilled workers and raising inequality. Recently, due to polarisation, job-seeking benefits both ends of the distribution of skills. The need for products with low technological content went on to be met in less developed countries (adaptation to new comparative advantages).



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SUMMARY TABLE

Keynote Speaker	
RECOMMENDATIONS	
<ul style="list-style-type: none"> To gather and treat statistical data in an integrated manner so as to obtain Portugal's profile in the globalisation phenomenon. To know actors and their different strategies for Portugal, with a view to designing and implementing public policies allowing Portugal to make use of the opportunities of globalisation. To obtain more quantified information to allow for a better understanding of developments in the real estate sector. 	
CONCLUSIONS	RECOMMENDATIONS
1 st Panel Financial statistics	
<ul style="list-style-type: none"> With globalisation, investment went on to be channelled via non-resident intermediaries. Securities issuance and custody went on to be the responsibility of non-resident intermediaries, with implications on an increased difficulty in identifying the final holder of securities. The link between the "micro" and "macro" dimension is a key point for the development of quality statistics. There is nowadays an excess of available information and, in turn, a feeling of shortage, accounted for by its diversity and coverage in specific domains, rendering its consultation and monitoring difficult. 	<ul style="list-style-type: none"> To meet new needs, not only through the collection of further statistical data, but also by rendering the already existing information more compatible at national and international level. To improve the use of available information at global level, notably that originating from international sources (e.g. IMF survey on portfolio investment and BIS survey on bank deposits), resorting to a more in-depth and detailed analysis, with a view to better understanding information from those sources. In addition to the country of the direct counterpart, it would be useful to collect data on the country of the parent enterprise or of the final destination of investment and identify in the balance of payments special investments. To enhance the coordination of official entities' activities with those of their national



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<ul style="list-style-type: none"> To produce and release statistics is not sufficient, it is necessary to communicate them and assist in their interpretation. 	<p>and international counterparts.</p>
<p>2nd Panel International trade E-Commerce Offshoring & Outsourcing</p>	
<ul style="list-style-type: none"> There is a growing integration of trade and a disintegration of the production chain in the global economy, and hence it is necessary to analyse the globalisation phenomenon from a statistical viewpoint, through an approach that integrates it into key areas such as international trade, foreign direct investment and movement of capital and persons, multinational statistics and internationalisation of technology dissemination. There is a recognised “black hole” in international statistics due to problems at the level of global regulation, such as offshores. There is a need to incorporate into “national” statistical concepts an international and multidisciplinary dimension and to improve knowledge on the best methods to estimate these new phenomena. Access to statistical data is of the essence to support decision-making and foster the competitiveness of enterprises. Portugal’s situation vis-à-vis Europe in terms of digital economy is better than average as regards broadband access and in enterprises with online sales, but worse than average in indicators such as the number of households with internet and mobile internet access, social networking, online purchases and purchases to foreign enterprises. The strategies that predominate in online markets require innovative and 	<ul style="list-style-type: none"> To delimitate the multifaceted aspects of globalisation to specific issues that may be subsequently reflected in “statistical programmes” based on the formulation of verifiable and solvable questions. To deepen concepts and build complementarities across various statistical domains (e.g. foreign investment statistics and statistics on the activities of multinational enterprises, as well as their relationships with areas such as information society, technology transfer and innovation). To adopt common methods and definitions (particularly at the level of multinational enterprises) and ensure that statistics on foreign affiliates are more compatible with foreign direct investment statistics. To promote efforts to draw attention to the convenience of solving cross-border cooperation problems so as to allow for greater convergence of mirror statistics in the area of international trade. To deepen statistics on international trade services. To enhance the gauging of technology transfers and the possible integration of more administrative data into the NSS. To promote efforts to try and contribute to solve the most pressing issues raised by globalisation, related to the classification of goods and services.



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competitive enterprises, for success in a global economy.

- It is essential that the dialogue between producers and users is fostered, so as to identify areas with greater information needs, to avoid dispersion and duplication of efforts.
- The search for complementarities, standardisation and compatibility of statistical data as they are generated by the different actors is a long – but valid – course of action.

- To intensify cooperation among entities compiling statistics, at both the national and international level, overcoming confidentiality barriers so as to facilitate the sharing of sufficiently detailed information for the production of fully consistent official statistics.
- To increase the availability of statistical data, so as to address demand for this theme, simultaneously promoting an integrated thematic release among statistics of the various areas, and also the links between these areas and those with which they are comparable on an international basis.
- To cross-check different databases so as to ensure more comprehensive, accurate and transparent information. In specific cases, it was deemed appropriate to cross-check in particular official statistical data with complementary information from other (administrative, business, etc.) sources, thereby ensuring a better integration and quality of the information made available.
- To exploit the potential of the Simplified Business Information for policy-making within the scope of globalisation-related domains.
- To promote the evolution of the corresponding legislative and organisational structure, so as to overcome confidentiality issues for research purposes.

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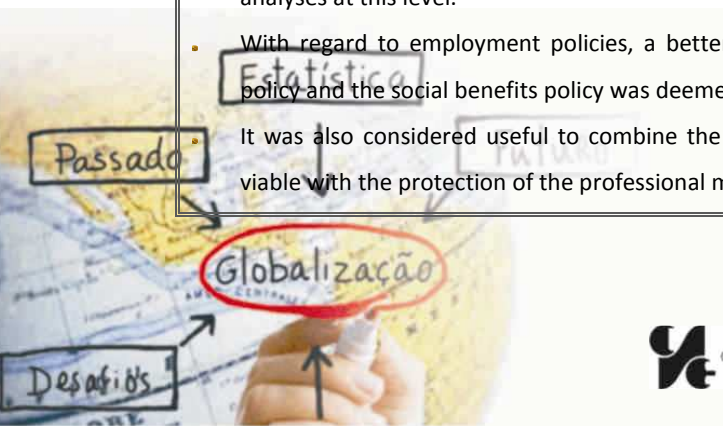
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3rd Panel | Labour market

- Globalisation has put increasing demands on the labour market.
 - Latency between decisions made at the level of social dialogue and collective labour agreements is presently 10 years, which is excessive given the current environment of rapid changes.
 - The most regulatory-oriented aspect of the labour market must continue to privilege the adaptation of our systems to all labour input movements.
 - There has been a decline in the growth of worker migration flows stemming from the world economic slowdown.
 - The migration phenomenon is a key concern given its global dimension, namely as regards the labour market. The collection of data on migrant populations is relevant at both the national and European level. Especially in household surveys, a set of variables are being introduced, the so-called “core” variables (which are fixed and accepted).
 - The use of statistics for studying the labour market vis-à-vis globalisation was considered to necessarily include information on international trade, employment, wages, transfers and benefits. Portugal already has available data for detailed analyses at this level.
 - With regard to employment policies, a better coordination between the income policy and the social benefits policy was deemed of the essence.
- It was also considered useful to combine the protection of jobs that are actually viable with the protection of the professional mobility of workers.
- To extend the adoption of a set of “core” variables to entities other than Statistics Portugal so as to allow for a link between statistical data and administrative data for statistical purposes.
 - To use the Employment Survey to incorporate more specific ad-hoc modules on migration and globalisation phenomena therein, within the framework of the labour market.
 - To promote access of researchers to databases, to allow for the widening of the service of the academic community to society, with the purpose of improving the production of knowledge for better decision-making.
 - To foster a more realistic description of current reality: to not isolate e.g. labour law from employment policies instruments, notably access to training and social protection in case of involuntary loss of income.



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Closing session

- The workshop was recognised as an early forum to discuss this theme, essential for carrying out a broad reflection and exploring the current and potential challenges of globalisation in Portugal.
- It is essential to recognise all developments under way, namely the work carried out by Statistics Portugal and Banco de Portugal in the field of globalisation statistics.
- The growing fragmentation of the productive chain, the international trade of intermediaries, and the growing potential of financial and physical transactions of goods and services are indisputable phenomena.
- The dynamics of globalisation requires the introduction of new concepts and the reconciliation of the national and international dimensions in the compilation of statistical data.
- There are still other dimensions left to be addressed, but whose importance is widely recognised, namely as regards issues related to environmental and social sustainability and corporate governance.
- It is essential to render data collection efficient so as to reduce the burden on respondents.

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