MEASURING DIGITAL TRADE:

FRAMEWORK AND NEXT STEPS

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OECD
BETTER POLICIES FOR BETTER LIVES

Rise of digital trade

- The internet and the movement of data across borders are changing the nature, patterns and actors in international trade :
  - Unprecedented scale of 'digitally' related cross-border transactions
  - Emergence of new (and disruptive) players
  - Industries, including many previously barely affected by globalisation, are being transformed
- This trend raises important policy questions
  - Size and importance of flows? > for trade, but also for GDP?
  - Opportunities > for SMEs, developing countries?
  - Barriers to digital trade > data/privacy?

Addressing data gaps

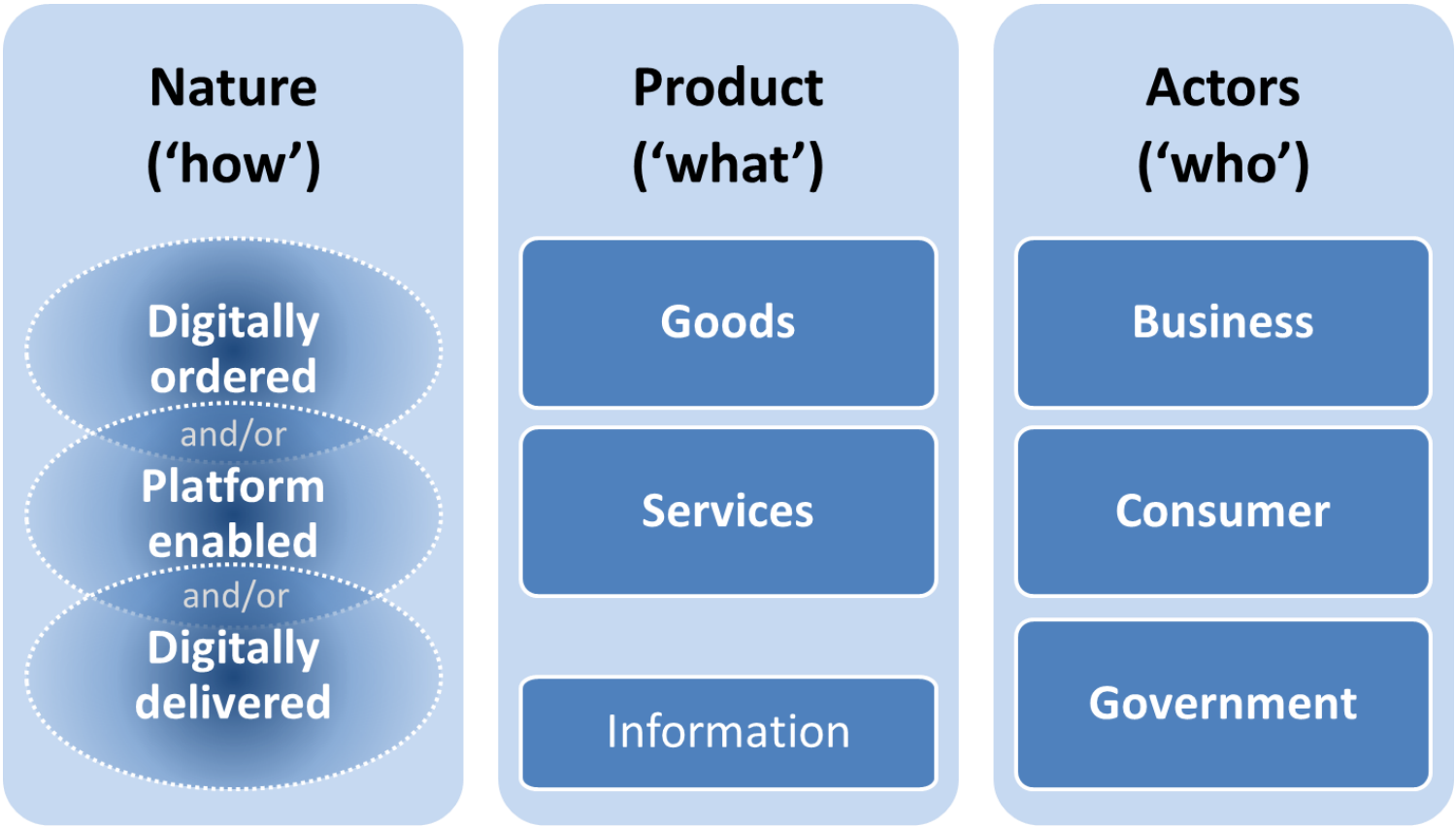
- At present, little cross-country comparable, detailed official data is available to answer these policy questions. But:
  - ***UNCTAD, UPU, WTO and OECD*** collaborate on measuring cross-border ecommerce
  - ***G20 German presidency*** asked OECD to deliver a paper to the 2017 G20 TIWG with typology, comprehensive action plan for statistical development, and issues note on findings from existing work and next challenges
    - An expanded version of this paper was agreed on at OECD WTPGS, and is also available on the UNCTAD E-commerce Week website
  - ***OECD WPTGS: Stocktaking Survey*** and continued exchange of practices
  - Wider context of work on measuring **digital economy**

Towards a conceptual and measurement framework for digital trade

Main principles:

- Align (as much as possible) with existing statistical frameworks (BPM6, SNA2008, MSITS 2010, IMTS)
- Build on insights and concepts from existing surveys in OECD / Eurostat countries on e-commerce and ICT-use; and UNCTAD work on ICT-enabled services
- While also answering the most recent trade policy questions on digital trade (which do not necessarily fully align with current statistical concepts and delineations)
  - New phenomena like digital intermediary platforms
  - Questions on cross-border data flows

Conceptual and measurement framework



A digital trade typology: examples

How?					
Digitally ordered?	Platform enabled?	Digitally Delivered?	What	Who	Description
Y	N	N	Good	B2B	An enterprise in country A purchases a good online, directly at the supplier of the products located in country B, via the supplier's web-shop or EDI. For example, a component used in the production.
Y	N	N	Good	B2C	A consumer in country A purchases a good (*e.g.* clothes) online (for final consumption), directly at the web-shop of the supplier of this product located in country B.
Y	Y	N	Good	B2B	An enterprise in country A purchases goods, from a supplier in country B, via an online platform which may be located in country A, country B or elsewhere. For example, the ordering of office furniture via eBay.
Y	Y	N	Good	B2C	A consumer in country A purchases a good online from a supplier in country B, via an online platform, which may be located in country A, country B or elsewhere, for final consumption, for example ordering a book on Amazon.
Y	N	N	Service	B2B	An enterprise in country A purchases a service online, directly at the supplier, but the service is delivered physically (for example a transportation service).
Y	N	N	Service	B2C	A consumer in country A purchases a service online, directly at the supplier in country B, and the service is delivered physically (for example, a hotel reservation made directly at the hotel).
Y	Y	N	Service	B2B	An enterprise in country A purchases a service online from a supplier in country B, via an online platform, which may be located in country A, B or elsewhere. The service is subsequently physically delivered (for example standardised maintenance or repair services).

OECD WPTGS Stocktaking questionnaire

- Asked NSOs and Central banks detailed questions on all dimensions identified in this framework:
  - current collections, pilot projects, future plans, key challenges and possible solutions
- Conclusion: good work on which to build further is ongoing, such as:
  - Better exploitation of existing surveys on ecommerce and ICT use (e.g. additional questions >BUT: respondents burden)
  - Microdata linking of merchandise/services trade statistics with e-commerce enterprise surveys
  - Exploit credit card data for cross border transactions in goods and services ordered by and/or delivered to by *consumers*
  - Identification of intermediary platforms (Uber, AirBnb, Amazon…) is possible in many countries
  - Insights in relevance of the sharing economy are being developed
  - Exploitation of other Big Data sources, such as by Gaming Authorities, Apple and Google data, tourism surveys and tax records.

OECD WPTGS Stocktaking questionnaire

…but important measurement challenges remain, e.g.:

- Size of cross-border data flows (bytes > values!)
  - Including intra-firm data flows
  - preferably via satellite accounts and not via value imputations (but concepts and international methodologies would need to be developed)
- Operations of MNEs, especially digital intermediaries such as AirBnB, Amazon and Uber
  - Formal identification (separate industry?)
  - Including intra-firm services and primary income flows
  - Splitting of cross-border intermediation fees from service provided
- Capturing fully digital services (ordered and delivered)

OECD WPTGS Stocktaking questionnaire

…but important measurement challenges remain, e.g.:

- Conceptual and practical separation of goods/services (e.g. 3d printing, IoT)
- Merchandise trade: increase in trade in small packages (below *de minimis* threshold) requires re-evaluation and harmonization of estimation and imputation procedures
- Digital trade by different types of firms (SMEs, MNEs) and actors (Consumers ('sharing economy'), government)
- Consistency of treatment of flows across countries
- …

Next steps on measuring digital trade (1)

- WPTGS concluded that the Measurement framework for Digital Trade, including the timeline for future statistical work, presented a strong foundation for further work
- Further refinements will be made building on the feedback received from WPTGS, TFITS and others:
  - Pilot studies and experiences of countries
    - October 2017: the TFITS meeting will be paired with an Expert Group Meeting (EGM) on digital trade
  - Discussions on Measuring the Digital Economy
  - Engagement with private sector and other stakeholders

Next steps on measuring digital trade (2)

- 2018: OECD will prepare a paper with recommendations for the G20 TIWG meeting in Argentina
  - Containing definition and typology of digital trade; highlighting gaps in measuring and mapping digital trade; identifying potential biases in international trade statistics; and providing recommendations, where necessary, on data sources and accounting standards.
  - Fully coordinated with related fora (BOPCOM, ISWGNA), especially the work points to potential changes in accounting practices

Next steps on measuring digital trade (3)

- 2018: OECD will start drafting a **Handbook on Digital Trade**, which should, as also recommended by WPTGS:
  - Bring together country experiences on dealing with measurement challenges;
  - Provide guidance on improved exploitation of existing data sources;
  - Explore new measurement tools, including from digital intermediaries; credit card and payment systems data; and other Big Data sources;
  - Identify potential legal and institutional barriers that prevent NSOs from accessing these sources at the moment.
  - As much as possible within current accounting standards, highlighting issues that require further consultation (ISWGNA/ BOPCOM.
  - Produced for the Autumn 2018 TFITS and IMF BOPCOM meetings for feedback, and global circulation for consultation
  - Resulting in a White Paper for endorsement at the 2019 UN Statistics Commission meeting.

Thank you

Download the paper:

http://www.oecd.org/officialdocuments/publicdisplaydocumentpdf/?cote=STD/CSSP/WPTGS(2017)3&docLanguage=En

or here:

http://unctad.org/meetings/en/Contribution/dtl_eWeek2017c04-oecd_en.pdf

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