The Latest Progress Report of
APEC Technical Group of Measurement on TiVA under GVCs

To the 2nd Meeting of Committee of Trade & Investment, APEC
Submitted by China and the United States

In 2016, at the 24th APEC Economic Leaders Meeting (AELM) in Lima, Peru Leaders commended the solid progress towards the completion of the measurement of APEC Trade in Value-Added (TiVA) under Global Value Chains (GVCs) by 2018; and at the 28th APEC Ministerial Meeting (AMM), Ministers welcomed the progresses made so far in implementing the Strategic Framework on Measurement of APEC TiVA under GVCs, the 2016 Progress Report, as well as the 2017-2018 Work Plan for the APEC Technical Working Group on Measurement of TiVA under GVCs.

In 2017, the tasks of the technical group based on the 2017-2018 work plan included:
- Complete the data reconciliation of bilateral trade in goods and services by APEC economies and rest of the world, to the extent of available data;
- Check and validate APEC economies’ supply/use tables (SUTs) or Input/output tables (IOTs) or extended SUTs or IOTs and other reported statistics;
- Update submitted SUTs/IOTs as needed to fit within a unified APEC TiVA framework, if possible based on available annual micro and macro statistics; - Align balanced trade in goods and services statistics with SUTs/IOTs.

Since the 1st Meeting of the Committee of Trade and Investment (CTI) and the 1st Senior Official Meeting (SOM) in Nha Trang, Viet Nam in 2017, the technical group, particularly its newly established Core Technical Task Force (CTTF) and the participating member economies’ technical working team (MTWT), have been jointly carrying forward the work. Major accomplishments included:

I. Strengthened the collaboration with OECD
Two members from China and U.S. CTTF spent two months at the Organization of Economic Cooperation and Development (OECD) for onsite training and collaboration by self-funded. Major tasks they completed during this period included:
1. Learnt about the methodologies OECD used in constructing its TiVA database, and its strategic vision for the future work;
2. Learnt about the technical work OECD has done in balancing trade statistics to see whether they could be applied or utilized for the measurement on APEC TiVA;
3. Advanced the work of measurement on APEC TiVA, including reviewing the first round of data submission and producing the review report; developing the second round of data submission templates; discussing data sharing with OECD for the measurement of APEC TiVA, etc.
4. Developed three flow charts that mapped out the work flow process based on the OECD’s latest conceptual methodology framework for constructing TiVA databases, which the measurement on APEC TiVA would use as a general reference;
5. Reached agreement with the OECD to use the OECD’s estimated SUTs for the rest of the world in the APEC TiVA project;
6. Reached agreement with the OECD to use the OECD’s ongoing work on trade in goods and services statistics in the APEC TiVA project.
II. Kicked off the CTTF work
The Technical Working Group drafted the CTTF Operation Mechanism and Implementation Plan and kicked off the CTTF work.
1. Two working teams under CTTF were established: SUT/IOT Work Stream led by the co-technical leader from China, and Trade Work Stream led by the co-technical leader from the United States.
2. Determined the labor division on SUT/IOT related work in CTTF: China is responsible for data communication and compilation for 14 APEC economies (Australia; Brunei Darussalam; China; Hong Kong, China; Indonesia; Japan; Republic of Korea; Malaysia; New Zealand; the Philippines; Singapore; Chinese Taipei; Thailand and Viet Nam); and the United States is responsible for data communication and compilation for 7 APEC economies (Canada; Chile; Mexico; Papua New Guinea; Peru; Russia; and the United States).
3. Reviewed the first round of data submission and circulated the Review Report to all members of the technical group and APEC CTI.
4. Identified additional data requirements, developed data templates, and implemented the second round of data submission;
5. Assessed the SUT/TOT related workload and mapped out the general workflow process;
6. Developed two sets of concordance tables and five data sets on trade statistics;
7. Is developing a GAMS model to reconcile the discrepancy between total trade from official national accounts and total trade from balanced trade statistics at major product/service categories for APEC member economies;
8. Additional work on estimating CIF-FOB margin rates at the APEC products level is underway.

III. Drafted plan for the 3rd Capacity Building Workshop and the 5th Meeting of the Technical Group
The tentative plan for the 3rd Capacity Building Workshop and the 5th Meeting of the Technical Group has been drafted by China, which is leading the organization effort. They will take place in Nanning City, China from August 7-18, 2017, with the Phase I of the 3rd Capacity Building Workshop being held on August 7-9; the 5th meeting of the Technical Group being held in the afternoon of August 9; and the Phase II of the 3rd Capacity Building Workshop being held on August 10-18. During the workshop, members of CTTF and other experts will work with APEC participating economies to finalize their data required for the measurement on APEC TiVA.

The following technical areas have been identified as the focus of this capacity building effort:
1. Convert SUTs from purchaser’s price to basic price and estimate domestic trade and transport margins;
2. Estimate direct purchases abroad by residents, and domestic purchases by non-residents;
3. Estimate import use tables;
4. Estimate CIF-FOB margins;
5. Reconcile bilateral trade in goods and services statistics;
6. Estimate the symmetry index.

IV. Conducted the second round of data submission
The second round of data submission has been conducted. By May 5, the following 8
participating economies uploaded their data at the working website of the technical group including: Chile; China; Japan; Korea, Malaysia; Mexico; New Zealand; the United States. The technical teams both of Australia and Canada confirmed to upload the data within next two weeks.

VI. Expected major deliverables in the late 2017
1. In the summer of 2017, the CTTF will work with participating economies and solicit feedback on data and methodologies at the 3rd capacity building workshop.

2. In the fall of 2017, the CTTF will deliver two sets of SUTs (2005 and 2012) at basic and purchaser’s prices for APEC economies, benchmarked by NA statistics where data are available; and two sets of the balanced bilateral trade shares matrix and cif-fob margin matrix (2005 and 2012) by the APEC product classification and end use for APEC economies where data is available, and rest of the world.

3. By end of 2017, the CTTF will align the benchmark year SUTs/IOTs with balanced trade statistics to ensure consistency as well as evaluate the feasibility of constructing time series SUTs and extended SUTs based on available data and resources.