Accounting for Globalisation:
Frameworks for Integrated International Economic Accounts

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National statistics build pictures based on interrelationships between producers and consumers and the rest of the world. But increasing global interconnectedness, driven by technological progress, in particular digitalisation, declining transportation costs, easier access to resources and markets, and trade policy reforms, has significantly complicated these relationships and has raised profound questions about the relevance of key economic accounting concepts, such as GDP. While significant progress has been made in recent years to respond to the many statistical challenges presented by globalisation, through for example the development of Trade in Value Added databases and Extended Supply-Use tables, much remains to be done to institutionalise and mainstream this progress, and indeed to develop the infrastructure for a truly global accounting framework. This implies a departure from the traditional role of international organisations as compilers of internationally comparable national statistics and instead requires that they bring together and confront national data to create internationally coherent global statistics – whether that data pertains to conventional bilateral trade data, investment flows, or indeed and, increasingly, locational issues, such as where the 'real' economic territory that firms operate from is and where intellectual property is located. In the same way that international organisations increasingly need to think 'national' in the way they present and compile their statistics, where 'national' reflects the single economic territory comprising the 'world' or large parts of it, national statistics institutions also need to think 'global'. In other words, in the construction of national statistics, greater emphasis is needed on the role of the Rest of the World, both as a source of demand and as a supplier for demand. This also requires a rethink of the way that firms are currently aggregated within statistical information systems to move beyond classic aggregations that focus almost exclusively on the activity towards more meaningful aggregations that better reflect today's 'global factory', i.e. multinationals, non-multinationals, factory-less producers, digital intermediaries etc. But even these developments only scratch at the surface of relevant accounting frameworks. Increasingly there is a need to better consider the distributional impacts of globalisation on different categories of firms, and indeed categories of individuals – high skilled, low skilled, high paid low paid etc. and the way that firms are classified in our conventional systems should also be constructed with these needs in mind. This paper attempts to respond to these challenges and needs through the articulation and further elaboration of extended supply-use frameworks as the basis for global accounting frameworks together with national and international mechanisms needed to support them.