



Meeting of the Group of Experts on National Accounts on Measuring Global Production

Geneva, 31 May 1-2 June 2017

ITEM 4 – LARGE AND COMPLEX ENTERPRISE UNITS AND INTERNATIONAL PROFILING

11. The EuroGroups Register (EGR) and Profiling in the ESS

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The EGR mission

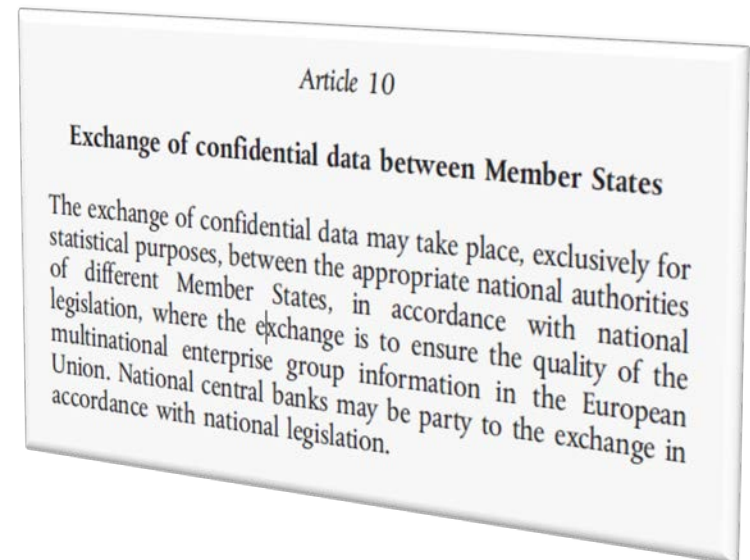
- To provide a harmonised view on the multinational enterprise groups and their constituent units in the EU
 - consistent information
 - coordinated populations
 - coordinated data quality

EGR documentation

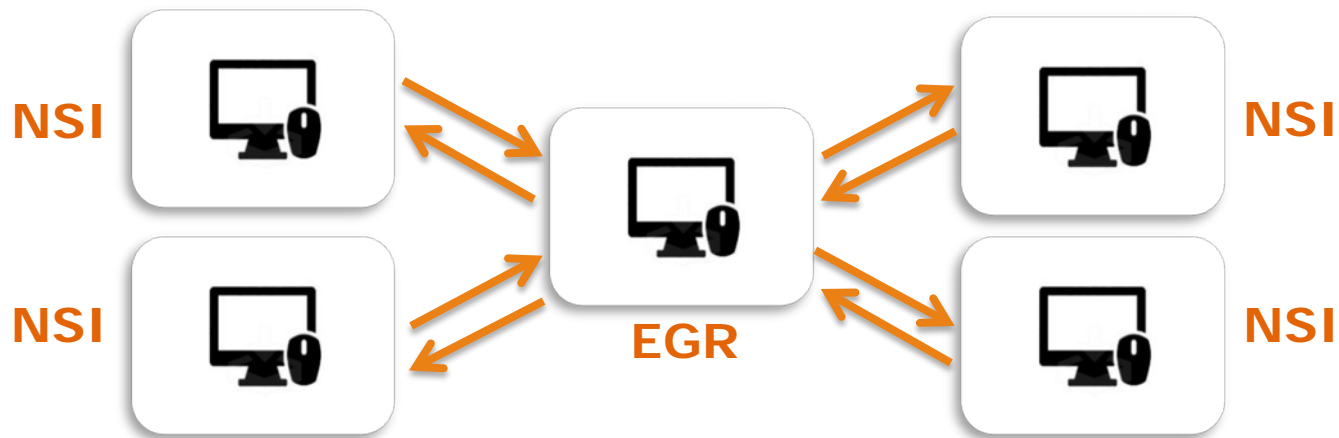
http://ec.europa.eu/eurostat/statistics-explained/index.php/EuroGroups_register

EGR legal background

- EU Regulation 177/2008 on statistical business registers
 - **Article 10 - Exchange of confidential data between Member States**
- Two implementing EU Regulations:
 - **Data exchange with NSIs**
 - **Data exchange with NCBs**



The EGR network

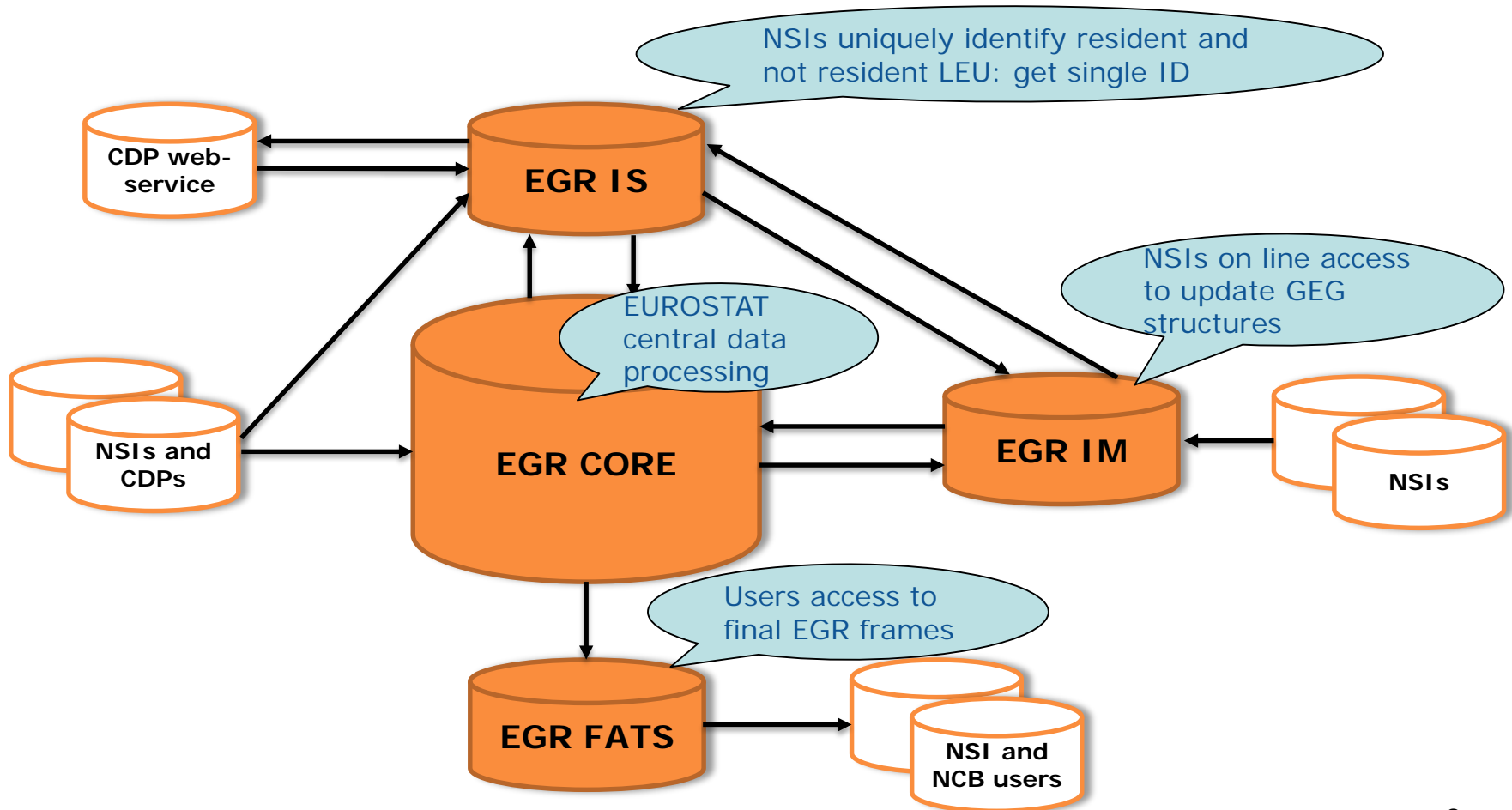


- First time that Eurostat exchanges micro data with NSIs and use them to create one single European product
- Secure IT platform to share and store data

EGR 2.0 - Main concepts

- Authenticity of NSIs data
 - **NSI data have preference on Commercial Data**
- Unique identification of units
 - **EGR assigns and uses a unique ID (LEID number)**
- Live register / Master frames
 - **For the moment only one yearly cycle implemented**
- On line remote access to confidential data
 - **Available for users and producers at different time**

EGR 2.0 – Applications

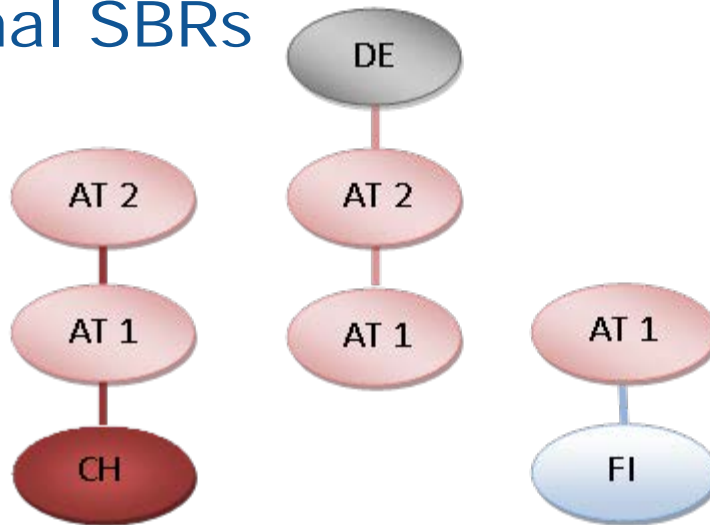


The EGR Identification Service

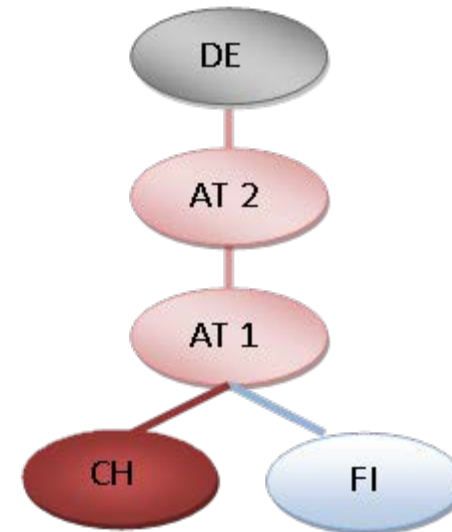
- Challenge to merge data without a common ID
- EGR IS assigns a unique ID to all legal units of EGR for statistical purposes
- Legal units potentially part of groups
 - **23.2 million LEU (22.6 million in EU-EFTA) have been uniquely identified and have received a LEID**
 - **Legal Entity Identifier (LEID) number**
 - **Sources: EU and EFTA NSIs and 2 CD**
 - **Yearly updates**
- LEID composition
 - **Country code – Register code - National ID**
- LEID must be used in all EGR data exchanges

What EGR does on groups' structures

before EGR...
In national SBRs



after EGR...



EGR content

UNIT	Characteristics	Figures for the 2015 frame
Legal units Total number identified	identity & demographic characteristics, control and ownership characteristics	about 23 million (<i>about 0.5 million outside Europe</i>) – potentially part of groups
Legal units which are part of multinational groups	identity & demographic characteristics, activity code (NACE), number of persons employed	about 770 thousand in multinational groups
Enterprises	identity & demographic characteristics, activity code (NACE), number of persons employed, turnover , institutional sector	about 640 thousand in multinational groups
Multinational enterprise groups	identity & demographic characteristics, structure of the group, group head, country of global decision centre, activity code (NACE), consolidated employment and turnover of the group	about 80 thousand

EGR annual production cycle

Starts in May t for RY $T-1$

Final frame is produced at $t+15$ months

FATS due at $t+20$ months

EGR accessibility

The EGR micro-data is confidential and accessible only to a limited number of staff at the NSIs, at NCBs or at Eurostat (EC Regulation 177/2008)

EGR main users

- Most FATS producers use EGR as a complementary data source
- Some producers of other statistics (including NA and BoP) make some use of EGR as complementary source
- EGR micro-data reported back to NSIs are used for the update of national business registers
- Profilers use the EGR micro-data as input file

EGR Data Quality Programme

- Continuous feedback from users
- Understand better the present and future use of EGR
- Further assessing and improving EGR quality
- Increase the use and usefulness of EGR
- In future, additional potential users:
 - **Business Statistics (FDI, TEC, STEC, R&D, ICT, GVC, SBS,)**
 - **Business-based statistics (NA, BoP, SES, CVTS)**

European profiling

FOCUS on the most economically significant multinational groups in the ESS

- Developed under the MEETS Programme (2009-2013)
- By an ESSnet on Profiling
- Top Down collaborative approach
- Analyze legal and economic structure
- Better understanding their global activities
- Share results
- (in line with EU Vision 2020 and EU Riga Memorandum)
- Improve the quality of multinational groups
- Get more consistent statistical units and statistics



Main outcome from profiling tests

- 24 countries tested MEETS methodology
- 242 groups from 2013 to 2016 (300 by 2017)
- Positive developments reported:
 - **significant benefits in the collaborative approach**
 - **improvement in the quality of nSBRs and the EGR**
 - **long-term relations with respondents**
 - **top down approach improves understanding of MNEs**
- Open issues reported:
 - **alignment 'European' and 'national' approaches**
 - **challenges with unit model, process and data collection**
 - **Resource intense, unbalanced burden on NSIs**
 - **Non EU groups with relevant activities in the EU**

Interactive Profiling Tool

- **Common tool** developed by Eurostat and ESSnet (prototype) for EU profilers
- In production since **April 2016**
- More than **20 countries** used (by 2017)
- About **180 groups** profiled (by 2017)
- **Better visualization**
- **Easier data exchange**
- **Faster responses**
- **Visualization of the results**
- **Could be further developed for other users**

Profiling process

- Data Source
 - **Initial profiling: data retrieved from EGR (RY T-2)**
 - **Follow up profiling: continuation from IPT (RY T-2)**
- Profiling updates the groups for RY T-1
- Actors
 - **GDC country**
 - **Partnering countries**
 - **Eurostat (Administrator)**
- Secure Identification with **ECAS**
- **Privileges** depending on user role
- Other users can only see the data

Role of GDC country

- Update the **GEG data** (Visit or Desk)
- Update **LEU** composition of the **GEG**
- Delineate the '**Global enterprises**'
 - From the 'operating segments' IFRS
 - They are Not statistical units
 - They are relevant to understand the groups' economic activities and organisation
- Identify the **Countries** where the GEG operates and their activities
- **Close** profiling process

Role of partnering country

- Update the **LEU** for the own country
- Delineate the **enterprises**, confirm/change the activities (NACE) in their territory
- **Link** the national **enterprises** to the global view contributing to improve **consistency**
- Create **Change Requests to the GDC**

Next steps

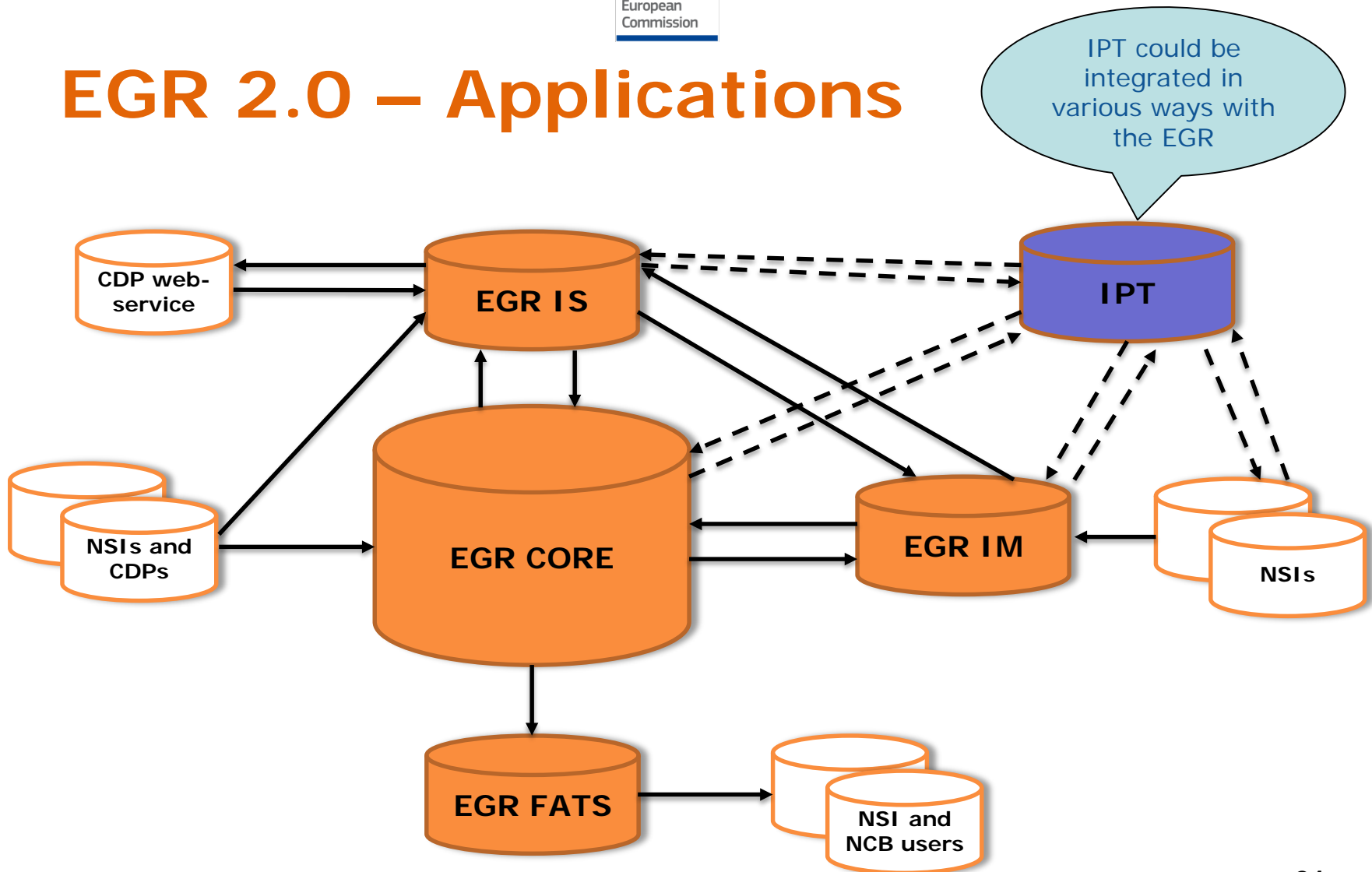
Connect European profiling and national activities

- Common goal is to improve consistency at EU level
- Need to update the MEETS profiling methodology and process

Integration of European Profiling and EGR

- Improve quality of EGR
- Use synergies, share and re-use information
- Accommodate additional user needs

EGR 2.0 – Applications





Goal of EU profiling by 2020

Have the most economically significant multinational enterprise groups in ESS *under a program of European profiling*

- Cooperative top down approach
- Agree on the methodology
- Define the governance
- Share results
- Secure confidential data
- Further develop the IPT tool to better integrate with EGR and serve more users



Thank you for your attention!

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