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SERVICE STATISTICS IN GEORGIA

Supporting paper submitted by State Department for Statistics of Georgia

1. Service statistics in Georgia is based on principles of enterprise statistics. Today, the organization is under reform because of the transition from an Administrative-Planned Economy to a Market System.
2. Significant changes have taken place in all fields of services: education, health care, sport, tourism, retail and wholesale trade, transport, communications, hotels, restaurants, etc. New conditions and privatization have resulted in an increase in the number of active economic entities engaged in service activities.
3. Because of the transition to market relations, some new types of service activities have appeared, such as: real estate activities, renting of machinery and equipment without operator and of personal and household goods, market research and public opinion polling, business and management consultancy activities, etc.
4. The State Department for Statistics (SDS) uses various administrative sources (Entire State Register of Enterprises & Organizations, Taxpayers Register, Registers of Licensing Authorities) for establishing the general totality of active economic entities engaged in service activities. This is necessary for statistical observation of service field.
5. Integrated questionnaires have been designed for entrepreneurial statistics by size of economic entities (large, medium, small) at the SDS. They are used for survey of economic entities engaged in service activities. All the mentioned questionnaires reflect the needs of SNA (System on National Accounts) and include indicators such as: employment, production value, intermediate consumption, value added, profit (loss), investment, fixed assets, etc. The

mentioned indicators are calculated according to SNA-93 and International Accounting Standards.

6. The SDS uses various approaches for statistical observation of service activities, which depends on the number of economic entities to be surveyed:

- in the case of few respondents, we use a full survey;
- in the case of many medium and small economic entities, we use a sample survey;
- in the case of service such as retail and wholesale trade, we use a mixed system of statistical observation that means full survey of large economic entities and sample survey of medium and small ones.

7. Nowadays, the main problem in official statistics is distortion of primary personal data officially declared by economic entities. Therefore, central and local offices of the SDS use various methods to specify the summary data. One of them means specially organized sample statistical surveys in `more sensitive` types of service activities. Such surveys are conducted through specially trained interviewers, which define real data by using `hidden observation`. Below are listed some results of the mentioned surveys:

- Survey of petrol stations (e.g. economic entities engaged in trade of petrol and other fuel): officially declared data are decreased 3,1-times;
- Survey of restaurants: officially declared data are decreased 5,1-times;
- Survey of beauty shops: officially declared data are decreased 6,0-times.

8. Recently in Georgia, significant actions were conducted against corruption and other offences. It should be noted that the quality of officially declared data has significantly improved.

9. Because of financial constraints, the SDS today observes prices only by some types of service activities. Therefore, it is impossible to perfectly reflect the reality in dynamic for the service field.

10. The reform of service statistics according to International Statistical Standards is a long-term and difficult action. The SDS planned to realize some activities for improvement of service statistics under the framework of EU TACIS program `Statistics 8` that will be started at the end of 2004. The same program in 1999 and 2002 financed all the specially organized sample statistical surveys mentioned above and also technical assistance of Dutch and Polish experts.

11. According to new requirements, some changes will be made in the structure of the National Statistical Office. Specifically, the Service Statistics Division will be the new structural unit oriented to further development of service statistics in Georgia.

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