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Item 8 (b) of the provisional agenda

**Exchange and sharing of economic data****Outcome of the in-depth review of exchange of economic data and data sharing****Note by the Secretariat***Summary*

This document provides information on the outcome of the in-depth review of exchange of economic data and data sharing that the Bureau of the Conference of European Statisticians carried out in October 2016. It also summarises the comments received from the electronic consultation with members of the Conference of European Statisticians on the in-depth review paper and the outcome of the review.

The in-depth review paper (ECE/CES/2017/10), prepared by Finland, identifies issues and problems in the exchange of economic data and gives an overview of the existing practices at national and international level. As an outcome of the review, the Bureau decided to set up a Task Force on Exchange and Sharing of Economic Data. The terms of reference for the Task Force are available at: [www.unece.org/index.php?id=43849](http://www.unece.org/index.php?id=43849), document 4.

The Conference will discuss the exchange and sharing of economic data on Wednesday, 21 June 2017 under item 8 (b) to seek input from all CES members for further work in this area.

## **I. Introduction**

1. Each year, the Bureau of the Conference of European Statisticians (CES) reviews selected statistical areas in depth. The purpose of the reviews is to improve coordination of statistical activities in the region of the United Nations Economic Commission for Europe (UNECE), identify gaps or duplication of work, and address emerging issues. These reviews focus on strategic issues and highlight concerns of statistical offices of both a conceptual and coordinating nature.

2. The Bureau carried out an in-depth review of exchange and sharing of economic data in October 2016 based on the paper by Finland (provided as document ECE/CES/2017/10).

## **II. In-depth review discussion and decisions by the Bureau**

### **A. Outcome of the in-depth review discussion**

3. The following points were raised in the discussion at the CES Bureau meeting:

(a) Compiling national statistics in the globalised world is becoming increasingly challenging. A cultural change may be required in the way statistics are produced at national and global levels. The Bureau could undertake an in-depth review of global statistics in near future;

(b) The consideration of data flows and data sharing is timely also in the context of the Sustainable Development Goals (SDGs). Leadership at the international level is needed;

(c) Data sharing is very important for maintaining the quality of economic statistics. International data exchange is a prerequisite for statisticians to be able to depict economic reality, profile multinational enterprises and provide data on their activities. This concerns several areas of economic statistics, such as national accounts, business and trade statistics. Strong policy demand can create favourable conditions for statisticians to be able to exchange and share economic data;

(d) There is an urgent need to operationalize the exchange of data between national statistical offices;

(e) Closer international collaboration of statisticians working with large and complex enterprises would be useful. This would facilitate identifying the large international enterprises and allow to cooperate in approaching them;

(f) Statistical offices need guidance on how to communicate with multinational enterprises in a way that creates trust and ensures transparency. It is important to explain clearly why data exchange is necessary, how the confidentiality is protected and that data will be used strictly for statistical purposes;

(g) The initiatives of the European Central Bank (ECB), Eurostat, OECD and the G20 process have accumulated experience that can provide a good basis for further developing statistics on multinational enterprises. The work of the European Banking Authority (EBA) and ECB on international financial supervision is another source of examples how to exchange data internationally;

(h) The review paper includes an extensive agenda for further work. The proposed actions should be prioritized based on the most urgent needs of countries. The

work should take a gradual approach and lead to practical outcomes that can be achieved within a defined time;

(i) Future work in this area should distinguish between data exchange at national and international levels. The primary focus of the work under CES should be international data exchange. A forum for sharing experiences and general guidance recommending good practices would be beneficial for countries;

(j) Further work could start by developing principles for data sharing that take into account data confidentiality, respondents' trust and legal constraints. Reviewing possibilities to exchange data at different levels of aggregation could help to overcome the confidentiality restrictions.

4. The Bureau recognized the importance of data exchange for maintaining the quality and relevance of economic statistics. The Bureau decided to ask a group of countries and international organizations, including those that have contributed to the in-depth review (Canada, France, Ireland, the Netherlands, United Kingdom, Eurostat, the International Monetary Fund, the Organisation for Economic Co-operation and Development (OECD), UNECE, the United Nations Statistics Division in New York and the World Trade Organization) to:

(a) Identify the key work streams and priorities for future work in this area;

(b) Develop terms of reference for a Task Force in line with the outcome of the Bureau discussion;

(c) Establish a network of experts dealing with large and complex enterprises in countries to exchange best practices.

5. The Bureau decided that the in-depth review paper will be discussed at the 2017 CES plenary session to collect input to further work. In addition, the paper should be publicised beyond the membership of CES.

6. The Group of Experts on National Accounts and the Group of Experts on Business Registers were asked to provide a platform for discussing data exchange and related best practices in their respective domains, and for discussing priority activities related to data exchange.

7. The topics that cannot be addressed immediately, such as exchange of micro-data and big data, and public-private partnerships in data exchange should be kept on the research agenda to be considered in more detail in future.

## **B. Decision on follow-up work**

8. The Bureau reverted to the topic of the exchange of economic data and data sharing in February 2017. The Bureau reviewed the terms of reference for establishment of a Task Force on Exchange and Sharing of Economic Data prepared by Finland and UNECE. The Bureau raised the following issues in view of the work of the Task Force:

(a) Work on data exchange is urgent and should be well focused and practical. It is important to identify enablers and obstacles of data sharing, and review the practical requirements for carrying out data exchange at national and international levels;

(b) The Task Force should prioritize the most urgent tasks to achieve first results within the next 12 months;

(c) The Bureau underlined the importance of data confrontation and the need to review the methods used to ensure data confidentiality;

(d) The work should not duplicate other related international initiatives and should build on what has already been achieved. The work may feed into further development of the Global Register of Enterprise Groups, undertaken by Eurostat and the United Nations Statistics Division in New York;

(e) Mexico expressed interest in participating in the Task Force. In addition, the Bureau considered important to invite the United States to join the Task Force;

(f) The Task Force should involve both national accountants and business statisticians.

9. The Bureau asked to prioritize the tasks: to identify a first stage with the most urgent tasks and a second stage addressing the remaining tasks. The authors redrafted the terms of reference accordingly:

(a) At the first stage the Task Force will analyse the concrete examples of data exchange implemented by national statistical offices that help statisticians to depict economic reality, profile multinational enterprises (MNEs) and provide meaningful data on their activities. Through these concrete examples, the Task Force will identify enablers and obstacles of data sharing and review the practical requirements of data exchange;

(b) At the second stage, the Task Force will develop guidance, tools and principles to facilitate the exchange of economic data (including granular data and information on business structures) by national statistical offices. The guidance will also highlight innovative ways to exchange economic data to increase the quality, coherence and granularity of statistics and the ability to better analyse the activities of MNEs.

10. The Bureau endorsed the revised terms of reference in March 2017 (available at: [www.unece.org/index.php?id=43849](http://www.unece.org/index.php?id=43849), document 4).

### III. Comments received from the electronic consultation

11. The UNECE Secretariat conducted an electronic consultation in April 2017 to inform all CES members about the in-depth review of the exchange of economic data and data sharing. The CES members were also invited to comment, if they wish, on the in-depth review paper and the outcomes of the review, described in Section II of this note.

12. The countries that responded supported the main findings of the in-depth review and recognized that it provided rich information and useful basis for further work to enhance the exchange of economic data. The countries highlighted the importance of data sharing and confrontation for maintaining the quality and relevance of economic statistics. The following seven countries sent specific comments: Austria, Hungary, Mexico, Poland, Slovakia, Sweden and the United States. These comments are summarised below.

13. **Austria** welcomes the intention of the Task Force to coordinate its work with other ongoing data sharing activities, e.g. under the International Monetary Fund's (IMF) G20 Data Gap Initiative. This initiative includes development of recommendations to encourage countries and institutions to enhance international data sharing. Austria supports the finding that the major advantages of the exchange of micro-data on intra-EU trade in goods (SIMSTAT) lay in its potential for a possible reduction of response burden and in the handling of asymmetries. Austria also agrees with the described challenges of the exchange of micro-data, and highlights that the increased exchange and sharing of economic data between statistical institutions is more and more important to meet future statistical challenges due to an increasingly interlinked and globalising economy.

14. **Hungary** underlines the need to clarify the core principles for the exchange of identifiable micro-data, taking into account the results of the efforts within the European

Statistical System.<sup>1</sup> Hungary also stresses the importance to identify, classify and assess the risks related to exchanging micro-data. There is a need to agree on the elements of exchange of economic data and create a common system for data sharing. It is also important to stay in close contact with data users to ensure that the proposed solutions would respond to their needs. With respect to the SIMSTAT project, Hungary notes that the main focus is to investigate the possibilities of reducing response burden. Further work is needed to analyse the impact on data quality improvement. Hungary supports the exchange of aggregated data on MNEs, recognizing that micro-data exchange could have legal barriers.

15. **Mexico** acknowledges the importance of data sharing and provides examples of their experience and practices in the area. Information security is a crucial issue in micro-data exchange, and it is important to increase the awareness of this matter among all parties involved in data exchange. The efforts to guarantee the availability and sharing of granular information face significant difficulties, regardless of the increasing need for data sharing. The main obstacles include technical and financial challenges regarding the protection of data confidentiality, as well as the current legal frameworks and administrative arrangements obstructing data sharing at national and international levels. Mexico also stresses the importance of cooperation in data sharing among the institutions at national level.

16. **Poland** underlines the sensitivity of micro data sharing and the need of thorough consideration of the issue in the case of financial data of enterprises. The main goal should be to maintain respondents' trust which is crucial for the quality of data. Micro data exchange should be limited to commonly agreed, justified cases. Data sharing requires appropriate investment in IT as well as elaboration of the respective organizational and legal basis.

17. **Slovakia** highlights the need to make a distinction between secure data exchange and data confidentiality. The former should ensure that no data leak occurs when the data, particularly on statistical units, are exchanged. The latter relates to the dissemination of data when the data disclosure techniques are used to ensure statistical confidentiality. Both issues may cause concerns to data providers.

18. **Sweden** supports increased cooperation between countries in data sharing, but notes that the exchange of confidential micro-data can entail major risks. It is important that the Task Force also looks at solutions where the information is exchanged at an aggregated level so that individual data are not identifiable. The exchange of micro-data can only be considered if there is a strong "business case" and secure data management is guaranteed. On a global level, the establishment of such a system appears to be costly and challenging. As part of its objectives the Task Force could consider the costs and benefits of the establishment of such a system.

19. **The United States** notes that the in-depth review of the exchange of economic data and data sharing provides a balanced view of the benefits and obstacles of international data sharing. It is important that the Task Force re-uses information held by other international organizations on data sharing. The United States are pleased to see that the primary focus of the work under CES will be on international data exchange and that there will be an attempt to identify different levels of aggregation that could help to overcome confidentiality restrictions. Further, the exchange of micro-data and big data, and public-private partnerships in data exchange should be kept on the research agenda to be considered in more detail in the future. The United States express interest to participate in the Task Force

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<sup>1</sup> <http://ec.europa.eu/eurostat/cache/vision2020/newsletters/issue4/desktop/index.html>

to contribute information on their practices and legal constraints, and to help finding ways for countries to share data to the extent feasible.

20. All comments provided by countries in the electronic consultation and the CES discussion will be considered by the Task Force and reflected in its work.

#### **IV. Issues for discussion**

21. The Conference of European Statisticians is invited to:

(a) Express its views on the main findings and recommendations of the in-depth review (section VIII of document ECE/CES/2017/10);

(b) Provide feedback on the Task Force's planned activities and outputs as defined in the terms of the reference (see section IV of document 4, available at: [www.unece.org/index.php?id=43849](http://www.unece.org/index.php?id=43849));

(c) Share concrete examples of successful data exchange and any lessons learned that the Task Force could analyse in its work;

(d) Provide advice on advancing international exchange of economic data while fostering respondents' trust.