

# **EXCHANGE AND SHARING OF ECONOMIC DATA**

**Introduction and Comments on the Report of the UNECE Task Force (1st Stage)**

**Meeting of the Group of Experts on National Accounts**

**Geneva, May 23rd, 2018**

# Economic statistics and activities of MNEs

- » a challenge for the accuracy, consistency and quality of economic statistics
  - » example: Irish case (2015 GDP corrected 07/2017) etc.
  - » national level: different producers for different statistical domains
  - » internationally: production and tax optimisation measures
- » in-depth review of CES-Bureau in 10/2016: national and international data exchange is a prerequisite for statisticians to be able to portray economic reality
  - » largely based on a survey of country experiences (48 respondents)
  - » Summary: Increasing trend of micro-data exchange, particularly in EU. However exchange of data on MNEs is relatively rare.
- » Task Force on exchange and sharing of economic data established in 02/2017

# Task Force on exchange and sharing of economic data

- » TF set up by CES Bureau in 02/2017 - Chair: FIN
- » TF works in two stages (1st until 06/2018 and 2nd until 06/2020)
- » Work of stage I split into four tasks
  - A) Review concrete examples of useful data exchange (lead: FIN)
  - B) Identify enablers and obstacles and propose practical options (lead: CAN)
  - C1) Find ways to describe MNEs and changes in their structures (lead: USA)
  - C2) Large Cases Units in Statistical Institutes (lead: IRL)
- » TF-members came from different statistical domains (NA, BoP, business statistics, foreign trade etc)
- » ... and from different countries as well as international institutions;

# Task Force on exchange and sharing of economic data

Consultations gave inputs:

- » UNECE/Eurostat/OECD Group of expert on National Accounts (05/2017)
- » Conference of European Statisticians (CES plenary in 06/2017)
- » United Nations Advisory Expert Group on National Accounts (12/2017)
- » CES Task Force on Common Elements of Statistical Legislation

# TF task A - concrete examples of data exchange

Examples for a regular or one-off data exchange:

- » exchange of import data between USA and Canada
  - » since 1990 to compile official export statistics
  - » legal basis: Memorandum of understanding
- » Euro-Group Register (ERG) covering MNE groups active in the EU; FDI-Network
  - » ERG since 2008 and with legal basis: Regulation 177/ 2008 etc.
  - » FDI-Network since 2009 on a voluntary basis
- » Early Warning System (EWS) in the European Statistical System ESS (ad-hoc, voluntary, published data)
- » MNE pilot studies of ESS 2018-19 (requested by ECA)

**Summary:** There are rules in place for national and international data sharing in the ESS, but not for statistical producers beyond the ESS.

# TF task B - enablers and obstacles of data exchange

- » main benefit of data sharing:
  - » improved consistency and better quality of economic statistics
  
- » main obstacles:
  - » missing awareness
  - » confidentiality constraints
  - » legal restrictions (other)
  - » additional costs/missing resources (e.g. starting period)
  - » technical tools to link and exchange data
  - » dependency from external data providers
  - » deterioration of respondents relationship
  
- » ... and possible enablers

## TF task C1 - ways to describe MNEs and their structure

- » which entities to be considered for a data exchange – criteria:
  - » economic activities in at least in two countries (MNE)
  - » large amount of economic activities (e.g. employment, sales/turnover)
  - » re-arrangements and relocations of activities
  - » global production arrangements
  - » ownership of intellectual property products
  
- » which data to be shared – possibly different for:
  - » domestic micro data exchange
  - » international micro data exchange between NSOs
  - » international micro data exchange between NSO - international organisations

## TF task C2 - large and complex cases units (LCUs)

- » some countries have set up an LCU in their statistical office as organisational unit
  - » to cope with the measurement problems coming along with big entities
  - » Design in practice may differ between NSOs
  
- » CES plenary session in 2017 agreed that establishing an LCU at NSO is a prerequisite for having consistent data
  
- » TF team C2 has discussed this issue recently and prepared a paper on dealing with multinational enterprise groups by setting up an LCU. These findings will be presented later this afternoon.



# Task Force next steps

- » **Output of 1st stage: a report defining obstacles and enablers to data sharing, including practical solutions and tools to be developed.**
- » **Until 09/2019: draft guidance on the exchange of economic data enabling NSOs to maintain the quality of economic statistics like national accounts and BoP.**
- » **Until 12/2019: Electronic consultation of CES members**
- » **April 2020: Submit the report/guidance to CES plenary for endorsement**

# Thanks a lot for your attention

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## Questions

### on the report of the UNECE Task Force exchange and sharing of economic data

1. What is the main purpose of the sharing data on MNEs: obtain full information about each important MNE or produce consistent figures across domains and countries?
2. An important MNE usually has to publish its accounts and balance sheet. How can this information be combined with statistical data (units, accounting items)?
3. How can estimates made for the total economy (e.g. GFCF according to the commodity flow method, capital consumption, FISIM, hidden activities etc.) be connected t with data for individual MNEs?
4. Criteria to select which MNEs to consider for data exchange are fine. But given the different size of countries, in one country a certain MNE may meet these criteria whereas this is not the case in another country for the same MNE. How to obtain an international solution?
5. In the European Union, Member States will have to carry out pilot studies on the influence of MNEs on GDP and GNI in 2018 and 2019. Wouldn't it be useful to include this experience into the final TF report?
6. The fact that international figures mainly are the sum of national figures seems to question the need for a micro data exchange between NSIs and international organisations? From the point of view of respondents relationship and taking into account that MNEs are very sensitive regarding privacy and data protection, wouldn't it be preferable to restrict the data exchange to NSIs in countries where the MNE is active?