Some reflections on the strengths of the country visited and the best practices planned to be implemented

*The Italian experience (ISTAT)*

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*Meeting of the Group of Experts on National Accounts*
*Geneva, 10-12 April 2019*
How it works in Italy

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Enterprises groups in Italy - year 2016 (section k excluded)

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**Total**
- Groups: 96,187
- Legal units: 212,562
- Persons employed: 5,455,786
- % value added*: 55,6

**Domestic**
- Groups: 77,120
- Legal units: 169,981
- Persons employed: 2,279,144
- % value added*: 16,2

**MNEs**
- Groups: 19,067
- Legal units: 42,581
- Persons employed: 3,165,642
- % value added*: 38,7

*of the total value added (Total legal units ~4,5 million)
MNEs in Italy - year 2016 (section k excluded)

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<table>
<thead>
<tr>
<th>MNEs</th>
<th>Groups</th>
<th>Resident legal units</th>
<th>Persons employed</th>
<th>%VA</th>
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<tr>
<td></td>
<td>19.067</td>
<td>42.581</td>
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<td>With resident parent</td>
<td>9.050</td>
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<td>16.022</td>
<td>1.360.177</td>
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LCU & The team of experts

Not only operational Unit a network of experts

LCU manages cross-cutting activities inside the Business Statistics (BR, STS, SBS) co-operating with the National Accounts with the purpose to have a common and coherent treatment for specific and complex cases. In turn NA seek consistency with BoP.
LCU – the team

- Includes experts from different business statistics domains in order to ensure both an appropriate mix of skills and an extensive network across different divisions (man/hour allocation to the LCU is defined on a part time basis)

- Members of the LCU team are appropriately trained to face complex MNE operations
The main limits of the questionnaire

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CSO MODEL: THE LCU

➢ Involved in data collection
➢ Carries out consistency checks among domains
➢ Provides final data to the relevant domains
➢ Periodically prepares and carries out visits to companies
➢ Long-lasting and extensive tradition in LCU working team

ISTAT MODEL: LCU & NA TEAM

➢ Not directly involved in data collection
➢ Performs analysis of business cases
➢ EWS - Monitoring Activities (top 140)
➢ Occasionally carries out visits to companies
➢ Partially involved in profiling activity

➢ Manages the consistency network with LCU & BoP
➢ Seeks for consistency along NA
➢ Performs the adjustments needed in NA
➢ Adjustments may be performed in the data sources
➢ May be involved in company visits
ISTAT MODEL: LCU & NA TEAM staff resources (persons and full time equivalent units)

**LCU:**
- Set up in 2017
- 15 Persons employed
- 2.5 Full time equivalent units

**NA TEAM:**
- Long-lasting experience in seeking consistency across domains
- Dedicated team set up in 2017
- 13 persons employed
- 2.5 Full time equivalent units

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National Accounts Team: issues dealt and main tasks

- Ownership (input-output-IPP)
- Economic activity
- Residence
- Domestic production
- Domestic value added
- GFCF
- Import
- Export
- Compensation of employees
- Labour input

Merchanting
- SUT
- Institutional Sector Accounts
- RoW account
- GFCF
- BoP
- Fiscal aspects

Processing

FGP

Global production arrangements

NA team of experts

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National Accounts Team – dealing with signals

Business Portal EWS
- Restructuring
- Change of Nace
- Change of status

Preliminary analysis and involvement of Business Statistics and Registers

Involvement of NA Team
- NA Team analysis in relevant domains
- Decision
- Replied and coherently adjustment across domain

A set of relevant legal units under control for specific global production arrangements (processing, merchanting, IPP)

Decision process
Pros and cons of Italian organizational model

- Concentrating the profiling activity in an LCU located inside the Business statistics proves to be appropriate.

- The treatment of consistency as a step inside the process of compilation of national accounts allows to take under control the overall representation of MNEs in GDP/GNI, Sector accounts (financial and non-financial), regional accounts.

- Some issues (change of classification, production abroad..) identified in NA not yet taken on board by business statistics.
Thank you for your attention