

Pilot survey for the identification of global production arrangements

Assumptions, questions and results

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Pilot survey conducted within grant agreement

TITLE OF THE ACTION:

Integrated global accounts and global production

TITLE OF THE REPORTED PROJECT:

WP2: Global production

ELIGIBLE PERIOD OF THE REPORTED PROJECT:

01.06.2017 - 30.11.2018

Units involved: National Accounts Department, Trade and Services Department, Enterprises Department, Production Department, Methodology, Standards and Registers Department, Regional Statistical Office in Kielce, Statistical Computing Centre in Radom

Pilot survey – organisational aspects

- Two separate questionnaires
 - **GLOB questionnaire on processing services and merchandising**
 - Module 1. Inward processing
 - Module 2. Outward processing
 - Module 3. Merchandising in foreign trade
 - **FGP integrated global accounts and global production**
- Reporting period of the pilot survey – 2016;
- The pilot survey conducted in January/February 2018 as a voluntary;
- Data collected with on-line questionnaires via statistics Poland's Reporting Portal;
- Respondents informed by a letter via traditional post and then by e-mails;
- Collecting data and contacts with reporting units - Regional Statistical Office.

Assumptions for GLOB survey

Processing and Merchanting

1. Entities, which in ITSS for 2016 reported data on services related to processing and merchanting;
2. Entities selected for the pilot study:
 - processing - approx. 80% of revenues and expenditures due to trade in this type of services,
 - merchanting - over 90% of revenues and expenditures for trade in this type of services.

Number of entities in the survey frame and sample frame of the pilot survey	Survey frame	Sample frame
Inward and outward processing	1724	182
Merchanting	1116	11
Total	2840	193

Questions in GLOB survey (processing)

The questions in the modules dedicated to processing services concerned:

- materials entrusted: CN sym. (8 characters), value of materials, country of origin and year when the material was entrusted for processing;
- final product resulting from the processing service: CN symbols (8 characters), value of the product after processing, end product recipient, year of handing the product to the recipient after processing;
- service provided: components of the service fee, materials and parts that were used in processing and were not included in the price of the service, use of IPPs;
- the client of the processing services, including organizational connections with the service provider;
- providing IPPs to be used in the particular production process.

Questions in GLOB survey (merchanting)

The questions in the module dedicated to merchanting concerned:

- goods exchanged internationally: CN symbols (8 characters) of purchased and resold goods along with information on their value, country of purchase/sale, year of transaction;
- organizational links between the parties of the transaction;
- additionally, in order to exclude erroneous classification of brokerage transactions in merchanting, respondents were asked to indicate whether the goods were processed during the period between their purchase and sale and whether these goods crossed the Polish border;
- using of IPPs in the production process, ownership of IPPs and the way the IPPs were acquired.

Results of GLOB questionnaire

Specification	Inward processing	Outward processing	Merchanting in foreign trade
Pilot survey's sample frame	120	70	11
Units that logged to the GLOB questionnaire	119	51	7
of which			
Number of approved questionnaires	45	24	3
Number of partially filled questionnaires	74	27	4
Response rate	99,2%	72,9%	63,6%
Analysis concentrated on 34 entities Statistics Poland	14	19	1 stat.gov.pl

Conclusions about the GLOB questionnaire

- GLOB questionnaire on processing services and merchanting was too detailed for respondents,
- Data from pilot survey were broadly coherent with regular ITSS,
- It is difficult to identify in foreign trade database transactions related to the exchange of goods (both materials and the final product) related to processing,
(some of these transactions were not recorded as trade in foreign trade, while others could be recorded by other entities including non-residents)
- Complexity of contracts concerning processing services, makes it difficult to identify goods related to this process in public statistics.
- Entities involved in processing do not have information about on the value of materials entrusted or the value of final products.
- Providing historical, detailed data (2016) was a significant problem for respondents.

Assumptions for FGPs survey

Factoryless Goods Producers

- Analysis carried out on the basis of PRODCOM survey and the SBS
- Analysis limited to units that met criteria established by TF on FGPs
 - selected divisions/groups of NACE classification
(divisions: 13-17, 20-32; 59, 62, 70, groups: 45.1, 45.3, 45.4, 46.1, 46.3-46.7, 46.9, 47.1-47.7, 47.9, 58.1, 58.2, 71.1, 71.2, 72.1, 74.1, 74.9, 77.4)
 - set of variables and indicators (4 „high” and 9 „low”)

Assumptions for FGPs survey (2)

Identification of units based on PRODCOM and SBS

PRODCOM SURVEY	
Frame population in 2016	38 068
Analysis of data on sold production and total production	
Analysis of explanations reported by units	
Analysis of information on the websites about the units	
<i>Entities selected for pilot survey</i>	43
Annual Enterprise Survey (SBS)	
Frame population in 2016	29 912
Analysis of individual indicators - criteria specific for FGP	
Applying the method of combining groups of indicators/variables	
Analysis of unit data in absolute values and information available on websites	
<i>Entities selected for pilot survey</i>	230
TOTAL numer of entities selected to pilot survey	273

Assumptions for FGPs survey (3)

Variables/indicators established by TF on FGPs

variables/indicators defined as „high”

net revenues from sale of products

profit from sale

external services

wages and salaries

variables/indicators defined as „low”

materials and energy consumption

value of goods and materials sold

net revenues from sale of goods and materials

expenditures on machinery and technical equipment

expenditures on fixed assets

stocks of raw materials

stocks of semi-finished products and work-in-progress

Questions in FGPs survey

Questionnaire for identification of *Factoryless goods producers* (FGP)

1. Did your company **outsource completely to other units the production process** of products, which were then sold as your own products?
2. Did your company own IPPs?
3. Did your company control the entire production process of the products?
4. Was your company the owner of materials?
5. Where were located the subcontractors?
6. Did the products manufactured by subcontractors located abroad, return to your company (on the territory of Poland)?
7. Were the subcontractors affiliated with your company with capital - organizational links i.e. did they belong to the same enterprise group?

Results of the pilot survey - FGPs

	Total	Units selected from SBS	Units selected from PRODCOM
Units selected	273	230	43
Filled in the questionnaire	173	142	31
Response rate	63%	62%	72%
Units that outsource the production process			
Yes, completely	19	6	13
Yes, partly	12	6	6
No	142	130	12

Conclusions about the FGPs questionnaire

- Questionnaire was clear and broadly understandable, however
 - addition contact was necessary to clarify some information - existence of any production plant in the organizational structure of an entity
 - questions about IPPs ownership should be more understandable
 - questions concerning control of the production process should be adapted to the kind of activity carried out by a unit
- The units that met the criteria typical for FGPs were mainly selected based on PRODCOM survey, i.e. 10 units (out of 43), while only 6 units (out of 230) were based on SBS,
- 15 entities met the criteria typical for FGPs - further analysis needed,
- 2 units identified as typical FGPs (also in IS-GVC survey),
- Selected questions from the survey will be transferred to PRODCOM survey.

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