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Meeting of Experts on Business Registers

Tenth meeting
Geneva, 18-19 June 2007

Report of the Group of Experts

The meeting was organised jointly with the Commission of the European Communities (Eurostat) and the Organisation for Economic Co-operation and Development (OECD)

I. INTRODUCTION

1. The Group of Experts on Business Registers meeting was held in Geneva from 18-19 June 2007. It was attended by Albania, Austria, Belarus, Bosnia and Herzegovina, Brazil, Bulgaria, Croatia, Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Ireland, Israel, Italy, Kazakhstan, Latvia, Lithuania, Luxembourg, Mexico, Moldova, Montenegro, Netherlands, Norway, Poland, Portugal, Russian Federation, Serbia, Slovakia, Slovenia, Spain, Sweden, Switzerland, Tajikistan, The former Yugoslav Republic of Macedonia, United Kingdom and Uzbekistan. The meeting was attended by representatives of the European Commission (Eurostat), United Nations Mission in Kosovo (UNMIK), the Organisation for Economic Co-operation and Development (OECD), European Central Bank (ECB), International Labour Office (ILO), Interstate Statistical Committee of the Commonwealth of the Independent States (CIS-STAT) and United Nations Industrial Development Organization (UNIDO). A representative of the United Nations Statistics Division also attended.

2. The provisional agenda was adopted.
3. Mr. Michel Euriat (France) was elected Chairman. Ms Inger Öhman (Eurostat), Mr. Nadim Ahmad (OECD) and Ms. Vitalija Gaucaite Wittich (UNECE) co-chaired the meeting.

II. ORGANIZATION OF THE MEETING

4. Information on activities and events was provided to the participants by UNECE, Eurostat, OECD, representative of the International Roundtable on Business Survey Frames and United Nations Statistical Division (UNSD).
5. The following substantive topics were discussed at the meeting on the basis of invited papers and supporting papers:
 - (a) Globalization and business statistics: Experience in developing enterprise group data, including work on multinational enterprises (MNEs) and on profiling;
 - (b) Development of statistical outputs from business registers;
 - (c) Quality improvements in business registers and implications of revisions of NACE (Nomenclature générale des activités économiques dans les Communautés européennes) and International Standard Industrial Classification (ISIC);
 - (d) The role of the business register in coordinating accounting and other administrative data for statistical users;
 - (e) Future work and Terms of Reference (ToR) of the Steering Group;
 - (f) Other business.

III. SUMMARY OF DISCUSSION AND THE MAIN CONCLUSIONS REACHED AT THE MEETING

6. Recommendations for future work are given below. Summary of the discussion and conclusions that the participants reached at the meeting on the above topics are presented (in English only) in the annex prepared after the meeting and distributed to participants. The documentation of the meeting are available on the UNECE website
<http://www.unece.org/stats/documents/2007.06.busreg.htm>

IV. RECOMMENDED FUTURE WORK

7. The meeting recommended that a next Joint UNECE/Eurostat/OECD Meeting be organised in 2009. The possible venue can be Luxembourg or alternatively Paris. The meeting will be prepared by the organising committee consisting of the representatives of UNECE, Eurostat and OECD and experts from national statistical offices.¹ The following substantive topics were considered of greatest interest for possible inclusion in the agenda of the next Seminar on business registers (BR):

¹ Currently: Czech Republic, France and United Kingdom and the expert from the Interstate Statistical Committee of CIS. Bosnia and Herzegovina expressed an interest to participate in the Organising Committee (to be confirmed).

- (a) Profiling practices and related issues (profiling of public sector units, special purpose entities, etc.);
- (b) Sources for identification of enterprise groups (before profiling);
- (c) Business Register as a source for further development of business demography statistics;
- (d) Best practices for publication, dissemination and wider statistical use of BR data.

8. The meeting recommended that the UNECE should continue to conduct its BR survey in alternate years, covering those UNECE and OECD countries not in the Eurostat annual inquiry. The UNECE should coordinate its timing fully with the Eurostat survey and should seek active feedback from countries on the consolidated results of the surveys. Starting in 2008, the questionnaire should include some specific questions related to business demography.

9. The results of the UNECE surveys on BR and their analysis should be made publicly available, for instance, by being posted on the UNECE web site.

10. The timing and agenda for the meeting in 2009 would be coordinated with the work programme of the Wiesbaden Group on business registers.

ANNEX
SUMMARY OF THE DISCUSSION
(English only)

A. Globalization and business statistics: experience in developing enterprise group data, including work on MNEs and on profiling

Chair: Ms. Inger Öhman, Eurostat

A pilot study for Eurostat to create a register of multinational enterprise groups (Barry Coenen, the Netherlands and John Perry, United Kingdom)

1. The study, carried out by a consortium of four national statistical agencies (United Kingdom, Germany, the Netherlands, and Hungary) and a private company, was finalised in December 2006. The presentation and discussion focused on the aims and results of the EuroGroups project, stressing the use of dual private sector resources, the process of transformation of main identifiers and dates to a standard format and explaining how through national identifiers and legal names source data was linked to the register. To better illustrate the process, several case studies were presented.

2. The efficiency of using more than one private data source for the EuroGroups register was questioned and discussed in more detail. It was agreed, that in this particular case the differences between two sources in scope of data on ownership of enterprise groups (percentage shares of stakeholders versus just a major stakeholder, for instance) were beneficial.

EuroGroups Register (EGR) Project - Road Map for the Future (Arto Luhtio, Eurostat)

3. The presentation emphasized the growing need for data on globalization, including MNEs, and draw participants' attention to the enterprise group-related items in the new EC regulation on business registers (expected to be approved in the 4th quarter 2007). The discussion centered on provisional timetable for establishing EGR (so called "road map") and the necessary follow-up measures, including IT framework, tender project on acquisition of private data, Eurostat's intention to provide NSIs with consolidated private data from EGR, etc.

4. It is planned that the EGR will eventually become the global enterprise group register, although the maintenance of the non-European part will be more difficult. As concerns the timetable for EGR and more immediate requests for access to EGR data by major stakeholders (for Foreign affiliates trade statistics (FATS), for instance), the BR regulation, which is lagging behind, limits it. Nevertheless, a feedback from major stakeholders could be sought, starting with the EGR on initial 1200 enterprise groups, extending to the 10 000 at the next stage, and encompassing all EuroGroups in some years.

Towards a unique European Business register (Alda Morais, European Central Bank)

5. The presentation briefly described the European statistics framework as seen by the European Central Bank (ECB) and reviewed the registers currently used to produce ESCB. It

emphasized the importance and urgency of the EuroGroups register and noted readiness of European System of Central Banks (ESCB) to be involved in the work by sharing the data, providing its expertise in the financial sector and participating in the Steering Group. In the discussion, the steps for establishing the common register were outlined, including a feasibility study on combining existing registers and creating a joint ESS/ESCB database system.

6. The major challenges for establishing such common register are the creation of the unique identifier system and the different national confidentiality considerations. The ECB suggested to revise the umbrella regulation that defines the issues of the European statistical system in order to provide for the possibility of data exchange between NSOs and ECB as it is in the case of national central banks and ECB.

Profiling: users' needs and applications in EU Member States: The Italian experience
(Enrica Morganti, Italy, presented by Giuseppe Garofalo)

7. The presentation described the profiling of the top 50 establishments for structural business statistics by ISTAT. The main task was to identify an operational strategy for the profiling of enterprise groups, which was undertaken in a top-down approach. The problems encountered with identification and delineation of units and ancillary units in particular, were explained in detail. The results in terms of value added and turnover per employed before and after profiling were presented, illustrating some differences.

A checklist for business profiling (John Perry, United Kingdom)

8. The Office of National Statistics of the United Kingdom (ONS/UK) presented its recently developed checklist for business profiling. As ONS/UK practice shows, joint ventures and ancillary activities are particularly difficult to identify, and the work is resource-demanding. Also the profiling of vertically integrated establishments poses serious problems and thus is usually performed only in 'easy' cases. In general, it was found that enterprises, participating in the profiling exercise on a voluntary basis, were quite willing to cooperate.

Summary by the Chairperson of the session (Inger Öhman, Eurostat)

9. There are useful developments and projects on profiling in many countries, but there is still a need for further research and studies in this area. The quality measures of statistical business registers are not, in general, clearly defined or agreed upon. For the future work on enterprise groups, including multinational enterprises, it is important to ensure close cooperation with all users (for example, providers of national accounts statistics).

10. As concerns the development of a coherent European business register system, there are many obstacles in developing such a system. Taking also into account the need to reduce response burdens, the best strategy may be to focus on what could be achieved on the basis of already available data sources and procedures.

B. Development of statistical outputs from business registers

Chair: Nadim Ahmad- OECD

Development of outputs from the business register in support of regional policy (John Perry, United Kingdom)

11. Faced with a demand for statistical information at the regional level for policy makers and planners, the ONS/UK has developed a system to provide such statistical outputs (for example, regional statistics on turnover and employment). The production of local statistics requires data of good coverage. To improve the quality of the statistical outputs at the regional level, the ONS/UK used various statistics and data sources. For example, a number of data sources, including regulatory and private sector sources, were employed for non-VAT registered establishments. As a result, the coverage of businesses was extended by including smaller establishments.

12. Concerning the possibility of obtaining data from regional authorities, the importance of having a proper legal gateway to exchange data with the local/regional authorities was underlined. Problems with coherence with other statistics have also been encountered and may be addressed in the planning of the new UK business register and employment survey.

Business register in the Czech Statistical Office (Stanislav Palas, Czech Republic)

13. The CSO business register system and the procedures used for updating and maintaining the register were presented. The State Statistical Service Act, which *inter alias* allows for the use of administrative data, provides the legal basis of the Czech business register. It also provides the legal basis for certain BR data to be publicly available, the aspect questioned by several meeting participants. To facilitate the access to this part of the BR information, the CSO developed a special software. The CSO also initiated a new project on BR-based business demography.

14. Various sources are used for updating the CSO business register, including both surveys and administrative registers. Data from these sources are validated against each other and according to selected criteria. The importance of having feedback from surveys to the statistical office was underlined. The work on inclusion of enterprise groups is still in the development phase, but they are supposed to be included in the next update of the BR.

Better utilising business register and business statistics (Nadim Ahmad, OECD)

15. Although there has been a remarkable development in business registers and business statistics over the last couple of decades, there are still comparability problems in the field of business demography statistics. On this background, OECD has developed a new framework to improve comparability of a number of business demography indicators, e.g. births and deaths, with the aim to obtain a consistent treatment of real births vis-à-vis reactivations, mergers and take-overs. Survival indicators and employment in newly born enterprises are other examples of areas where improvements are needed. From the perspective of OECD, the development and selection of indicators of entrepreneurship is of particular interest and the work will continue in various groups/meetings.

16. The discussion underlined that the inclusion and treatment of self-employed persons poses particular problems in measuring entrepreneurship. It was agreed that the background papers from the OECD should be placed on the webpage of the joint meeting on business registers.

C. Quality improvement in business registers and implications of revisions of NACE and ISIC

Chair: Michel Euriat, INSEE, France

Improvement of the quality of business registers (Anne Skalitz, France)

17. The presentation described the development and quality improvement of SIRENE (French National Business Register). SIRENE is used both for inter-administrative coordination purposes and statistical needs, and a part of its data is available for public or private use. The recent re-engineering of SIRENE resulted in significant improvement of quality in key areas: automated uniform processing, introduction of checks in data-processing flow, metadata, and above all, operations unrelated to administrative requirements, at the request of register managers or those in charge of statistical operations. The new quality approach includes, besides the national management, the designation of a quality manager in each local team.

Methodological recommendations on "falsely" active units determination and their identification in business registers (Liubov Bogdanova, CISSTAT)

18. The presentation focused on one aspect of BR quality – the number of false entries (other measures of quality include: timelines, fullness of coverage, reliability) - based on the results of the survey conducted in the CIS countries. There are several ways of identifying the false units: control surveys (problems: insufficient coverage and high duplication); supplementing statistical registers with information from tax and administrative authorities, banking and other institutions; mini-censuses and economic censuses (which are currently conducted every 5 years in some countries). The tax system data have proven particularly useful in reducing the number of false units in BR.

A system of Business Register's quality indicators as handy tool for users (Giuseppe Garofalo, Italy)

19. The presentation considered the importance of developing a system of indicators to analyze and measure different aspects of quality. It offered a comprehensive list of indicators developed by the ISTAT. The importance of tailoring the quality indicators to user needs was emphasized: internal users may require a large number of detailed indicators, whereas external users might be satisfied with fewer indicators focusing on the overall quality of the Business Register.

Quality Improvements in the RosStat's Business Register – one of the factors for successful statistical surveys in Russian Federation (Elena Zarubina, Russian Federation)

20. The presentation focused on the RosStat experience in improving quality of BR. In the past the State Registration Database suffered from a large number of falsely active units – around 35 per cent of the total businesses. Following a recent introduction of new legislation, which changed the requirements for business registrations, RosStat was able to significantly reduce the number of falsely active units – by around 10-15 per cent. Further improvement in the quality of Business Register was achieved after incorporating the results of the previous year's Economic Census. The statistical BR is used by RosStat and other departments for their statistical surveys. Furthermore the BR is available on-line for use by the regional authorities. All these attempts are aimed to unify the statistical systems.

Quality improvements in Croatian Business Register and Implications of revision of NACE (Zrinca Pavlovic and Dubravka Celic, Croatia)

21. The presentation provided an overview of the Croatian BR and summarized Croatian experience with the re-coding of units in the BR. The revision of NACE had a significant impact on the BR and resulted in a significant workload. As part of the process the Croatian authorities had to: reclassify units in the Register of Business Entities, improve the quality of the register activity codes, send notifications to the companies and carry over the main activity codes in the Statistical Business Register.

Experience in dealing with specific issues of business register quality improvement (Zulfiya Sultanova, Kazakhstan)

22. The discussion centered on quality improvements in the Kazakh BR following the Eurostat recommendations on BR. The difficulty Kazakhstan is confronted with relates to the complex regional structure of the national statistical system. Until recently each regional office maintained its own BR. In 2004 the Kazakhstan BR underwent a significant restructuring, which resulted in a single national BR. The change was constructive by creating single database, common approach to formation of lists and interaction with administrative sources only at national level. Some of the future challenges facing the Kazakhstan Agency of Statistics include: introducing total quality management (TQM), acquiring access to tax data and conducting surveys for estimation of the register quality.

Key objectives in quality improvement of the statistical Business Registers in Serbia (Srdjan Stefanovic, Serbia)

23. The presentation focused on the issues related to the establishment of Serbian Statistical Business Register (SBR), including the actual source and data model. The benefits and deficiencies in the creation and the use of the SBR were discussed and goals for quality improvements identified. The need to consolidate data in BR from all available sources, to develop BR as a unique frame for all statistical surveys was emphasized.

Implementing Coding Tools for a New Classification (John Perry, United Kingdom)

24. To facilitate the switch to a new classification, ONS/UK used the Automatic Coding by Text Recognition (ACTR) system developed by Statistics Canada. The system relies on the business description text from the BR Survey Form. The ONS/UK experience showed that the ACTR tool was able to recode a significant number of units in the BR. It was concluded, that ACTR tool offers significant savings in terms of time and resources necessary for recoding.

Closing remarks by the Chairperson of the session (Michel Euriat, France)

25. The issue of indicators of quality of BR was discussed. It was agreed that such indicators must be tailored to user needs. Internal users might require significant number of detailed indicators, whereas external users might be fully satisfied with one overall quality indicator. It was also agreed that, although complex, it is possible to come up with a comprehensive set of indicators of quality of Business Registers.

D. The role of the business register in coordinating accounting and other administrative data for statistical users

Chair: Vitalija Gaucaite Wittich, UNECE

Business Register and administrative data – ground for the effective production of economic statistics (Hannele Orjala and Tuula Viitaharju, Finland)

26. The presentation summarized the statistical production process, the use of administrative data and the strategic goals of the BR in Finland. It was emphasized that the Finnish legal system facilitates the production of high quality statistics. All entities and persons in Finland have to possess a special Identification Number. In addition, the Finnish law provides the Statistical Authorities with the right to access almost all administrative information, which is not always a case in other countries. This easy access to administrative sources facilitates the continuous improvement of the quality of the Finnish BR.

27. The implementation of new revision of NACE is of great importance for the BR community and will have significant impact on the National BR. In addition, there is a need to improve coherence and enlarge the scope of BR and to deal with challenges posed by globalisation to the Finnish statistical system.

German Business Register Re-Engineering: Heading for a tool to acquire, combine and connect statistical data sources (Roland Sturm, Germany)

28. The new plan was presented for connecting business registers in Germany with an aim to provide a unified and harmonized register, avoiding overlapping between different surveys. Every year, about 17 surveys are conducted by different statistical units; the broad scope of the new system is to connect all the information collected and create a New Business Register that will merge the data from various registers and the information from the external sources. It will then be possible to combine and analyze administrative data with statistics.

The importance of a good legal framework for the coordination function of statistical business registers (Heinrich Brünger, UNECE)

29. The accessibility and management of data from third parties was discussed, pointing out the need of a distinction between data for public use and strictly confidential data that need to be protected more effectively. A good institutional and legal framework is essential in dealing with data confidentiality. The legal system should provide for the collection of sensitive data for statistical purposes and prohibit the other uses such as administrative ones. The Statistical Business Registers thus need to be independent and separated from other registers, such as the administrative ones. The approach poses some constraints in the way data are used, for example concerning the feedback on activity codes. The right of access to administrative files for statistical purposes should not exclude the transmission of identifiers, but it is important to maintain the principle of one-way transmission in order to avoid the conflict with the 6th Fundamental principle of official statistics (confidentiality).

30. The meeting discussed the definition and the extent of the term “confidentiality”. It is possible, for example, to use disclosed data on classes of units when the single unit cannot be identified and when third parties cannot go back to the unit-source. It was pointed out that countries have different legislation as far as confidentiality is concerned and the international organizations have to take this into account. Eurostat, for instance, decided to follow the subsidiarity principle and let every country decide when confidentiality comes to bear.

31. Several discussants noted the benefits of less constrained data exchange: since data from BRs are used for various surveys (employment, health, etc.), the exchange of good practices, including information, is desirable for the accuracy and reliability of statistics in other fields. Once again, the need of more analysis was stressed in order to find a sound definition of confidentiality suitable for all: the first step, however, should be to have an exact idea about which data are sensitive and which are not and afterwards build a legal framework.

Use of administrative sources for identification of EGs in Slovenia (Aleksandra Lešnjek, Slovenia)

32. The discussion centred on activities carried out by different institutions in Slovenia, which are in charge of a specific data collection/analysis, and the purpose of the Enterprise Group Register. By using data that already exist in the three main sources (Court Register, Bank of Slovenia and Agency for Public Legal Records) Slovene experts programmed an algorithm for the identification of enterprise groups and launched a pilot National Register. In the process, there were problems with harmonization of data, as well as with the identification of non-resident units; another group of problems concerns the linking of Slovenian data with the Euro Group Register. In turn, Eurostat explained that the Euro Group Register is built on the basis of mutual accord and exchange of opinion and experience, and that Slovenia will also play an active role in the EGR-related decision making.

Use of administrative data for developing a statistical register of the Republic of Moldova
(Iurii Mocanu, Republic of Moldova)

33. The experience of the Statistical Office in Moldova was presented as an example of use of administrative data that already exist for creating a new business register. Using data from other national institutions, such as the Ministry of Information Development or the Ministry of Justice, it has been possible to create a national inter-administrative register (RENIM), which was used for the development of RENU, the National Register of Statistical Units. The main priority was the creation of a functional statistical register that could meet the European Commission requirements, and RENU seems now to partially reach this first goal. However more effort is needed for its actualisation and the harmonisation with international standards.

Economic census of business - A source for actualization of a statistical register
(Nigina Rajabova, Tajikistan)

34. Tajikistan presented some preliminary results of the pilot economic census project carried out by the Statistical Committee with EU TACIS programme support. The main goal was to test the reliability of the existing statistical register and to outline the ways of improvement in order to have a standard survey mechanism for developing future studies. The survey showed the need for better coverage and timeliness of the data available, as well as the need to harmonize data from different regions. The necessity of actualisation of the existing register was emphasized, pointing out that in Tajikistan, like in some other countries, businesses change their type of activity very frequently and rapidly, hence affecting the size of certain activities.

Concluding remarks by the Chairperson of the session (Vitalija Gaucaite Wittich, UNECE)

35. The presentations offered a broad review of the three stages in the BR establishment and interaction with administrative sources in the UNECE region. The Finnish BR with a sound legal basis represents an all-source enhancing register system; Germany's work on a new business register is an attempt to consolidate experience and create a well functioning viable statistical BR incorporating information from various sources; these are also the characteristics of the work done in Slovenia and to some extent in Moldova. The development of statistical BR in Tajikistan, however, is less advanced. The discussion around the ECE paper explaining the aspects of a legal framework for BR and its interaction with administrative data providers in the countries where work on BR has just started or needs to be reviewed proved the importance of confidentiality issues in statistical system.
