

CONFERENCE OF EUROPEAN STATISTICIANS

Approved

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Item III (b) of the Provisional
Agenda

EXCHANGE AND SHARING OF ECONOMIC DATA: FOLLOW-UP

Note by the Secretariat

The document presents a proposal for follow-up activities after the endorsement of the 'Guide to sharing economic data in official statistics' by the Conference of the European Statisticians (CES) in June 2020. The Bureau discussed and agreed on further work to advance the sharing of economic data in official statistics, reflecting on the future work recommendations of the Guide, outcomes of the CES electronic consultation and suggestions by the UNECE Steering Group on National Accounts.

I. INTRODUCTION

1. In June 2020, the Conference endorsed the *Guide to sharing economic data in official statistics*¹, prepared by the Task Force on Exchange and Sharing of Economic Data. The Task Force was set up in February 2017 and was composed of Canada, Denmark, Finland (Chair), Ireland, Italy, Mexico, Netherlands, Poland, United Kingdom, United States, Eurostat, International Monetary Fund (IMF), Organisation for Economic Co-operation and Development (OECD), UNECE and the United Nations Statistics Division (UNSD).
2. The Conference encouraged countries to implement the Guide and supported the directions for future work identified therein and those highlighted by CES members in the electronic consultation prior to the CES plenary session. The Conference asked the CES Bureau to consider how to implement the proposals for future work.
3. Furthermore, the 2020 CES seminar on globalization and the future of economic statistics agreed that the Conference can play an important role in identifying key areas where progress is crucial, and develop relevant methodological guidance, recommendations and tools to support international comparability, for instance in the use of new data sources, sharing of economic data and developing statistical legislation.
4. Following endorsement of the Guide, the UNECE Steering Group on National Accounts discussed potential future work in data sharing in November 2020.

II. FUTURE WORK PROPOSALS PRESENTED IN THE GUIDE

5. The *Guide to Sharing Economic Data in Official Statistics* divided the recommendations on data sharing for statistical purposes between those where progress can be achieved at the national level and those that require international cooperation. The recommendations for future work at the national and international levels are presented in paragraphs 7.6 and 7.8 of the Guide,

¹ https://unece.org/sites/default/files/2020-11/Guide_to_Sharing_Economic_Data_rev.pdf

respectively. The recommendations are followed by practical action items. The action numbers related to the strategic recommendations are mentioned below in brackets. The full details are available in the Guide.

6. Key recommendations for the national level are summarized as follows:

- (a) **Review national conditions for multi-national enterprise (MNE) data exchange:** the statistical law and statistical framework, interpretation of legislation and confidentiality procedures and rules. (National actions i-iii of the Guide);
- (b) **Prepare the national set-up for MNE data sharing:** allocate resources, prepare tools, implement all necessary administrative, technical, security and organizational measures, engage with MNEs to build trust and organize other activities as appropriate for the country. (National actions iv-ix of the Guide); and
- (c) **Engage in international collaboration and data sharing** to address national challenges in measuring MNEs (National actions x-xiii of the Guide).

7. The concrete actions listed in the Guide for each of the three main recommendations aim at helping statistical offices to develop the statistical infrastructure and increase the technical and methodological knowledge on data sharing and micro-data linking jointly with other national agencies and statistical offices of other countries.

8. Key recommendations for the international level are summarized as follows:

- (a) **Set up and coordinate an international network of experts on MNEs** and the exchange of experience and innovations. (International actions i-iii of the Guide);
- (b) **Create platforms to facilitate the analysis of asymmetries** and encourage coordinated multi-country data sharing exercises. (International actions iv-vii of the Guide);
- (c) **Develop guidance and training to build national capacities** to exchange and reconcile MNE data. (International actions viii-x of the Guide);
- (d) **Facilitate secure exchange of MNE data** building on existing initiatives. (International actions xi-xii of the Guide); and
- (e) **Engage with MNEs, accountants and law makers** to improve the basis for future data collection. (International actions xiii-xv of the Guide).

9. These actions aim at gradually improving the global statistical infrastructure and the technical and methodological capacity for secure MNE data sharing for statistical purposes. Of all these recommendations, the Task Force on Exchange and Sharing of Economic Data considered the following actions to be of the highest priority:

- (a) Strengthening the cooperation of MNE experts and Large Cases Units (LCUs) internationally, to create an international network of LCUs where knowledge and data are shared to the extent possible; and
- (b) Drafting a guide to data reconciliation to assist countries in the use of shared data to improve the quality of statistics. This will require accumulation of practical experience from national and international data sharing and reconciliation pilots.

III. FUTURE WORK PROPOSALS MADE BY CES MEMBERS IN THE ELECTRONIC CONSULTATION

10. The UNECE Secretariat carried out the electronic consultation of the Guide from December 2019 to February 2020 prior to the CES plenary session. A total of 38 countries and five international organizations replied. Several countries stressed the importance of not delaying progress in this key area for the future of economic statistics.

11. Countries emphasized the need for further efforts to advance this work as it may be a long way to enable micro-data sharing between statistical authorities internationally. CES suggested the following priority actions for further work:

- (a) Prepare MNE communication material and jointly approach selected MNEs to review their reporting for statistics;
- (b) Conduct a consultation to address the public perception and privacy aspects of data sharing in conjunction with any proposed legislative changes;
- (c) A comprehensive stocktaking exercise to know what the national and international legal status allows as regards data sharing for statistical purposes;
- (d) Collect more examples on how data sharing can facilitate the compilation of more correct and consistent economic statistics and share them continuously;
- (e) Develop jointly a technological infrastructure, considering safeguarding of statistical confidentiality;
- (f) Develop a way to review, assess, identify and apply the different actions necessary to share economic data;
- (g) Share experience in the use of modern tools, like big data analysis and machine learning, in addition to data sharing; and
- (h) Develop a consistent international repository of MNE information for statistical purposes (use of a global unique identifier, collection of data from MNEs only once globally).

12. Countries asked for an institutionalised platform for sharing best practices, fostering analysis and enhancing the effectiveness of data sharing. In 2018, the Conference asked the joint UNECE/Eurostat/OECD meetings of the Group of Experts on National Accounts to serve as a regular international forum to discuss issues related to the data of MNEs and the sharing of economic data for statistical purposes. This Group of Experts has shared best practices in LCUs work since 2013. The Group organized a full day seminar on the topic in 2019 to exchange good practices and knowledge between LCUs and other MNE experts.

13. During the electronic consultation, countries asked for strengthening the MNE network, as it would make a valuable resource for advancing international data sharing in practice. Progress in establishing LCUs and advancing the work of the MNE network in the EU will be presented in the 2021 online meeting of the UNECE Group of Experts on National Accounts in May 2021.

IV. REFLECTIONS ON PRIORITIES FOR FUTURE WORK BY THE UNECE STEERING GROUP ON NATIONAL ACCOUNTS

14. In November 2020, the UNECE Steering Group on National Accounts held an online meeting to discuss future work in data sharing after the endorsement of the Guide. The Steering Group noted the importance of building on existing initiatives and capacities, as reflected in the action items presented in the Guide. Furthermore, the Group agreed on the importance of avoiding duplication of activities to the extent possible. To this end, the Steering Group would like to highlight the following developments:

- (a) A lot of work on LCUs is going on in the EU, but also in countries outside the EU. The EU activities are for the moment mainly focused on collaboration within the EU internally. As for the initiatives of non-EU-countries, the link with other LCUs is (often) still to be established. It will, therefore, be important to consider how to link the EU network internationally and share their experience in organizing LCU work with other countries.

⇒ For this purpose, a separate event could be organized in the second half of 2021. The online meetings of the UNECE Group of Experts on National Accounts, to be organized jointly with Eurostat and OECD and in collaboration with IMF, UNSD and World Bank, in May 2021, could further elaborate this idea. The Globalization session of the meeting foresees a discussion of the LCU work within the EU.

- (b) UNSD is working on the Global Groups Register (GGR). Close cooperation across international organizations (UNSD, OECD and Eurostat) is important to find synergies and learn from similar initiatives (GGR, the OECD Analytical Database of Individual MNEs and their Affiliates (ADIMA), EuroGroups Register (EGR)).

⇒ Once the GGR is launched, UNSD and UNECE could work together to promote the checking, validation and use of these data.

Initiatives like ADIMA and GGR can play a pivotal role in progressing further. ADIMA has identified a number of MNEs, including their physical and digital presence, using open source data only. Validation with both NSOs and MNEs themselves seems a logical next step. Also capturing additional “economic” information that ADIMA is currently lacking (employment, turnover, etc.) from each MNE and providing it to the relevant countries to avoid asymmetries could be considered.

⇒ To this end, a data sharing pilot project in foreign affiliate statistics (FATS) could be useful.

- (c) The second phase of the G20 Data Gaps Initiative contains a general recommendation to promote data sharing. The G20 workshop in March 2021 will be devoted to data sharing.

⇒ The outcomes of the G20 workshop could be discussed by the CES Bureau, as necessary.

- (d) The forthcoming World Bank’s Global Data Facility Umbrella focuses on building a more enabling and equitable global data ecosystem and strengthening local and national data systems. This programme could provide possibilities to advance data sharing as part of the modernization of economic statistics. ISWGNA will have an important role in discussing the allocation of funds.

This Umbrella initiative could form the start, and the basis, for taking forward some of the recommendations to international organisations in the Guide. In particular, setting up a secure IT system framework and a limited network of people from statistical organisations to start sharing MNE related information (not necessarily data), for example, structures and units covered, public information or events occurring implying statistical changes may be needed. This system could later be built up, again in a secure form, to share data and reconcile say, employment and turnover for the largest MNEs. This would be using country-specific data and information from other sources such as ADIMA and GGR as well as building principles and an architectural set-up, for example using the themes in the EU GNI-MNE Pilot exercise. Issues like disclosure and national legal limitations will need to be reflected. This strategy would help to develop an indication of how well the statistical organisations are covering the representation of MNEs from a high level.

- (e) The Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) established a Task Force on the exchange of confidential information in 2019. The Task Force prepared a feasibility study on the exchange of confidential statistical information between the European Statistical System and the European System of Central Banks.

⇒ The outcomes could be discussed by the CES Bureau, as necessary.

- (f) When the CES Bureau reviewed the draft *Guide to Sharing Economic Data in Official Statistics*, Canada expressed a wish to launch a pilot project on the exchange of foreign direct investment (FDI) data. However, currently, countries' legal and policy frameworks prevent the sharing of detailed microdata from their data holdings, and this prevents progress with such a project. Therefore, this idea did not materialise.

⇒ For a broader perspective in the implementation of the recommendations of the Guide, the CES Bureau should consider leveraging the new working arrangements developed as part of the work of the Friends of the Chair of Future Economic Statistics to facilitate global partnerships in the co-production and co-investment. This would be conducive to build synergies between groups and organisations, to leverage work done on other related initiatives and to avoid duplication of efforts in the system.

15. The **UNECE Steering Group** concluded its discussion on **priorities** as follows:

- (a) It is essential that national data (and knowledge) sharing is well, efficiently and effectively organized. In many countries there are still issues, both practical and (perceived) legal obstacles, to be solved at the national level. The focus should **in the first phase be on improving data sharing between national institutions** to reconcile national data. The work at the national level provides the necessary foundation for international data sharing.

⇒ UNECE and partner organizations could **support this work by promoting best practices** (e.g. from the EU) **and supporting the establishments of LCUs**.

- (b) While there are many challenges with data (and knowledge) sharing, the momentum should be kept.

⇒ A first step would be to **provide an international discussion forum where compilers could share not the data but their experience in data sharing**.

- (c) Data sharing should be **regularly discussed by the CES Bureau to ensure strategic direction of work**. Regular information on the developments in related initiatives would allow the CES Bureau to take decisions on possible further work under the CES when there is a need for that.

16. Currently, the Steering Group suggests **focusing in the short-term on discussing the practical aspects and solutions** found for data sharing in the Group of Experts on National Accounts and organizing other related events to support countries' progress.

V. PROPOSAL FOR THE CES BUREAU

17. **The CES Bureau is invited to discuss and advise on:**

- (a) **Ways to promote readiness for data sharing at the national level**, as a prerequisite for international MNE data sharing and better consistency, reflecting on the recommendations and priorities presented in paras 6, 8, 11 and 15 above. For instance, **call for (multilateral) pilot projects among UNECE countries** to work jointly to improve data on selected complex MNEs among countries affected by the entity.
 - (b) **The usefulness of conducting a short survey of NSOs** to review how NSOs are involved in international data sharing initiatives, how they are implementing and/or plan to implement the recommendations of the *Guide to Economic Data Sharing*, how they overcame obstacles in sharing data and which enablers they used. Additionally, the survey may clarify what kind of support would be needed from the statistical community. The results could be discussed in the future events on LCUs and data sharing and/or in the meetings of the Group of Experts on National Accounts.
 - (c) **How to build on synergies and links with current national and international initiatives** related to data sharing, including those mentioned in para 14. In line with the key pillars of building enabling infrastructure and strengthening local capacity, the World Bank's Global Data Facility Umbrella trust fund could be leveraged as a mechanism to finance activities around access to and use of shared data, facilitated via open data portals and supported by targeted demonstrations of proof of concept.
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