



STATISTICS

Update of Statistical Standards and Implications on the Calibration of SBRs

UNECE

Meeting of the Group of Experts on Business Registers

September 26–29, 2022

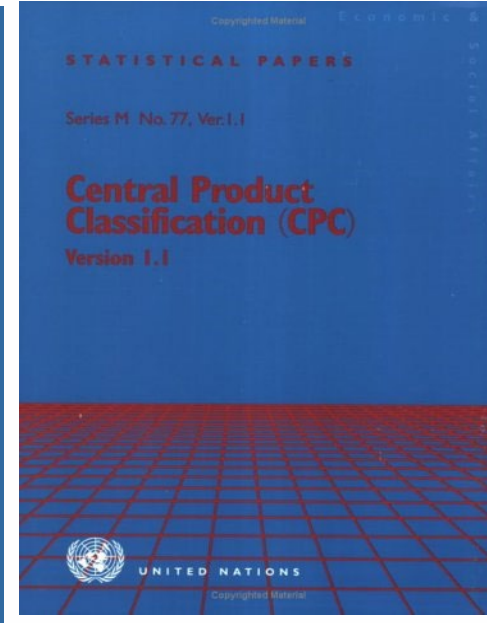
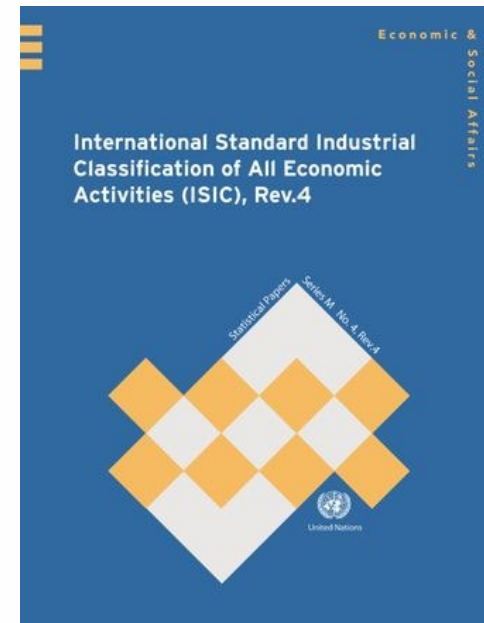
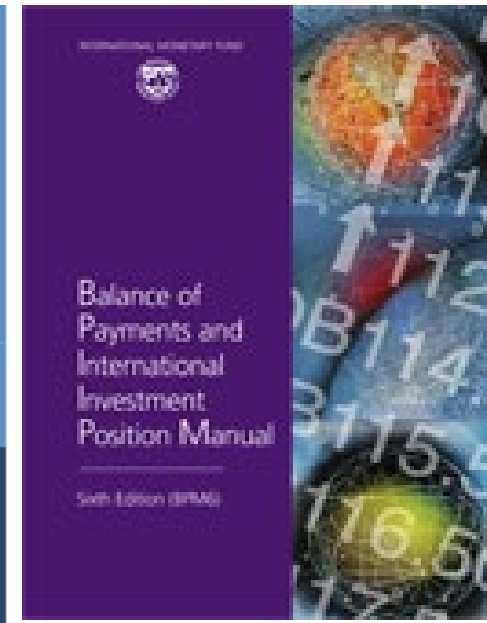
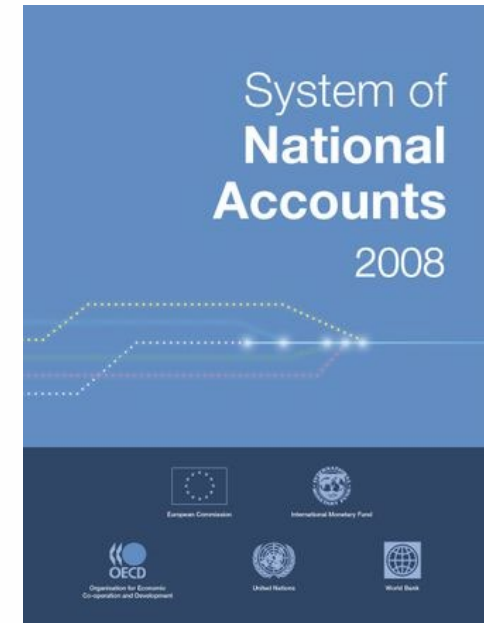
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Outline

- **Introduction**
- **Digitization Related Updates & Implications on SBRs**
- **Globalization Related Updates & Implications on SBRs**
- **Conclusion**

Introduction

- The International statistical community is currently updating the statistical standards—the SNA, BPM, ISIC, and the CPC.
- Some updates have implications on data collection, compilation and classification in macroeconomic statistics.
- We highlight the major updates associated with Digitization and Globalization and implications on calibration of statistical business registers to aid data collection, compilation, and classification of units.



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Digitalization – Updates & Implications on SBRs (1)

GN	Main Recommendations	Implications on SBR
DZ.6 Recording of Data in the National Accounts	<ul style="list-style-type: none"> • Extend the asset/production boundaries to include data and potentially marketing assets. • Separate the current intellectual property product (IPP) assets category Computer software and databases into two categories: (1) Computer software and (2) Data and databases. 	This issue may affect those SBRs that maintain detailed information on the products and/or assets of statistical units.
DZ.7 Increasing the Visibility of Artificial Intelligence (AI) in the National Accounts	<ul style="list-style-type: none"> • The IPP asset category for Computer software will include an “of which” category for AI software. • The updated CPC should include new product categories to differentiate AI products from other software. 	While no new ISIC activity is proposed, SBRs that collect and maintain data on sales of products should accommodate new AI categories.

Digitalization – Updates & Implications on SBRs (2)

GN	Main Recommendations	Implications on SBR
<p>F.7: Impact of Fintech on Macroeconomic Statistics</p> <p>F.18: The Recording of Crypto Assets in Macroeconomic Statistics</p>	<ul style="list-style-type: none"> Fintech services and companies should be classified within existing institutional sectors and categories. An “of which” category is introduced for countries that have a strong need to identify them. 	<p>Countries that are interested in gathering detailed statistics about Fintech should evaluate administrative data from financial regulators, or simple queries based on company names as a start to identify them.</p>
<p>Cloud Computing</p>	<ul style="list-style-type: none"> New title for ISIC 63 “Computing infrastructure, data processing, hosting, and other information service activities”. Two 3-digit Groups will separate Computing infrastructure, data processing, hosting and related activities from Web search portals, and other information service activities. 	<p>May cause changes to cloud computing company classifications, as classification was more ambiguous in current ISIC.</p> <p>Discussions ongoing on software as a service.</p>

Digitalization – Updates & Implications on SBRs (3)

GN	Main Recommendations	Implications on SBR
Digital Intermediation Platforms	<ul style="list-style-type: none"> • New ISIC activities within various sectors for intermediators (e.g. intermediation for hotels in ISIC Section I). • Intermediation sales/turnover should be recorded on a net basis. 	<p>Will need to determine the residency of these units and the amount of net intermediation output produced in the relevant economic territory.</p> <p>Classification challenges for units that intermediate and also provide other activities.</p>
Retail Trade	<ul style="list-style-type: none"> • New ISIC will eliminate the distinction between non-store and store retailer activity. • All retailers will be classified based on the types of goods that they sell and not the distribution channel that is used. 	<p>Will impact classification of online retailers.</p> <p>Removes some classification challenges for units that sell both online and in-store.</p>

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Globalization – Updates & Implications on SBRs (1)

GN	Main Recommendations	Implications on SBR
G.2: Treatment of MNE and Intra-MNE Flows	<p>Recommends including supplementary data to highlight MNE activities through use of a foreign-controlled sector and breaking down the NFC & FC sectors.</p> <p>The MNE is the ultimate controlling parent (i.e., the DI at the top of the control chain).</p> <ul style="list-style-type: none"> ▪ Has at least one nonresident affiliate/branch & ▪ Exercises control (>50% voting power) over its affiliate(s) or branch(es) (Directly or indirect through transmission of control). 	<p>Link direct investment information to the SBR, Control of the unit, Economies of registration, and identity number of the UCP.</p>
GN C.2: Goods, Services, and Investment Income Accounts by Enterprise Characteristics	<p>Recommends annual breakdowns of goods, services, and investment income accounts by enterprise characteristics, <i>such as industry, ownership</i> (domestically controlled, controlled from abroad/unknown), <i>and size</i>.</p>	<p>SBR include trading status (i.e., importer only, exporter only, or importer and exporter (two-way trader)), foreign controlled, or domestic owned, size.</p>

Globalization – Updates & Implications on SBRs (2)

GN	Main Recommendations	Implications on SBR
GN D.6: Ultimate Investing Economy/Ultimate Host Economy and Pass-through Funds	Supplemental information on direct investment positions by the economy of the ultimate investor.	Ultimate investing Economy.
GN D.9: Reconciling BPM-Based Direct Investment (DI) and Activities of MNEs (AMNE) Statistics.	Recommends developing a framework for reconciling DI and AMNE statistics, differentiating influence from control relationships in DI statistics, new supplemental presentations (e.g., classifying inward DI statistics by ultimate investing economy).	FDI by Control, Influence, Ultimate investing Economy.
GN G.4: Treatment of Special Purpose Entities and Residency.	<ul style="list-style-type: none"> • Adopting a new standardized definition of SPEs. • Integrating the breakdown of SPEs within the institutional sector accounts on a supplementary basis. • SPEs are “<i>Registered/incorporated legal entity, with no or little employment (5 or less), little physical presence, little physical production, controlled by nonresidents, transact almost entirely with nonresidents.</i>” 	Registration, employment, physical production, Control, transact with non-residents. Some units classified in ISIC 7010 may qualify.

Globalization – Updates & Implications on SBRs (3)

GN	Main Recommendations	Implications on SBR
<p><u>GN C.4: Merchanting and Factoryless Producers; Clarifying Negative Exports in Merchanting; and Merchanting of Services.</u></p>	<ul style="list-style-type: none"> ▪ Factoryless Goods Producers (FGPs) be classified in the manufacturing sector (section C) instead of retail and wholesale trade (section G). They are deemed to produce and sell goods rather than distribution of services. ▪ Use control as the key identifying criterion for FGPs, which include providing IPPs as a key input to the manufacture of processed goods. 	<p>Separately identify FGPs</p> <p>Analyze the typology of production arrangements.</p>
<p><u>GN G.7: Global Value Chains and Trade in Value Added.</u></p>	<ul style="list-style-type: none"> ▪ Include a description of global value chains (GVCs) and trade in value added in the updated manuals. ▪ BPM—including supplemental cross-border statistics detailed by geography or product as part of a reporting template for GVC. 	<p>Geographical information and products in the Business register.</p>

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Conclusion

- In this presentation, we highlighted the main proposed recommendations to the update of statistical standards with implications on the SBR.
- Business register experts may need to identify specific characteristics of units affected by these updates to aid data compilation and undertake correct classification in macroeconomic statistics.