

CONFERENCE OF EUROPEAN STATISTICIANS

For discussion

Third meeting of the 2006/2007 Bureau
Geneva, 12-13 February 2007

Item 1c of the Provisional
Agenda

IN-DEPTH REVIEW OF BUSINESS STATISTICS

Note prepared by the UNECE Statistical Division

STRATEGIC ISSUES OF PARTICULAR IMPORTANCE TO THE UNECE REGION

1. As regards issues that may be considered to be of particular importance to the UNECE region the Statistical Division considers the **development and improvement of comparable business statistics in South-East European (SEE) and Commonwealth of Independent States (CIS) countries (emerging economies)** to be a major strategic challenge.
2. The issue may be divided in three areas:
 - i) **Development of statistical business registers (SBRs)**
3. The joint Eurostat/UNECE survey on business registers every two years shows considerable incomparabilities between the SEE and CIS countries and more developed economies of the UNECE region. There is thus a need to develop and improve SBRs in these countries to facilitate compilation of comparable business statistics.
4. The main issues are:
 - The need for development and maintenance of SBRs, implementation of recognised methodologies, classifications, practices and organisation;
 - the relationship between statistical and administrative or legal business registers, including problems of access for NSOs to such registers and other administrative sources (including tax and social security registers);
 - capacity building in NSOs.
- ii) **Development and improvement of internationally comparable short-term business statistics**
5. In a number of emerging economies, the NSO does not compile coherent statistical series over longer time periods for key economic indicators, such as price indices and industrial production. In some countries also seasonally adjusted short-term statistics (STS) are not compiled, for example for quarterly industrial production and national accounts. This prevents international short-term comparisons.

6. The main issue is:
- the need to support compilation and dissemination of coherent data series over longer time periods and implementation of seasonal adjustment methods to facilitate international comparisons of STS.

iii) Implementation of NACE Rev.2 and ISIC Rev. 4

7. NACE Rev. 2 and ISIC Rev. 4 are planned to be implemented in the EU before 2011 where the National Accounts is expected to change to the revised NACE/ISIC.
- How should the move be coordinated with the rest of the UNECE countries, and how can comparable statistics be obtained in the transition period?
 - The implementation of NACE Rev. 2 and ISIC Rev. 4 should, as far as possible, take into account changes that may arise from the revision of the SNA, as well as data needs for other areas, BoP and foreign trade statistics, for example.
 - What assistance will be needed to emerging economies in the UNECE to implement the revised classifications? New Eurostat conversion manual could help, as well as conversion matrices and guidelines.

STRATEGIC ISSUES OF GENERAL INTEREST

i) Standards for statistical business registers and economic censuses

8. The only existing standards in this area are EU standards for statistical business registers, which are results oriented legal requirements rather than practical guidelines on how to develop and maintain SBRs at national level.
- Given that SBRs are indispensable for an efficient system of business statistics, there is a need for official standards in this area that address practical problems of setting up, maintaining and using SBRs for a wider region, such as the CES member countries, based on different approaches from this region.

9. A number of CES member countries regularly conduct economic censuses. Unlike population and agricultural censuses, no international standards are available.
- Many links exist between economic censuses in various forms (including those spread over several years, and labelled differently) and SBRs. There is a need to cover this gap with an authoritative standard that is best combined with the standard on business registers

ii) Business demography and entrepreneurship

10. Statistics on the birth, life and death of individual businesses that allow for longitudinal analysis is under development in a number of countries. It attracts large interest from researchers, business analyst and for economic policy use.
- How to define consistent business populations for different statistics (consistent also over time)?

- There is a growing interest in statistics distributed on gender. What are the possibilities and the cost and data requirements in order to engender business registers and business statistics?
- To what extent are SBRs prepared to deal with “demographics”? Main issues are units, application of continuity rules, storage of historical data, and elimination of dormant units.
- To what extent can business register and business demography data provide harmonised indicators on entrepreneurship, and mergers/acquisitions?

iii) The combination of business surveys and administrative sources for business statistics

11. Countries have different practices regarding the use of business surveys and administrative data – or combinations of these. At the same time there is a growing interest in utilising administrative data as a way to improve, complement or replace survey based business statistics.

- What are the experiences in terms of data quality, efficiency and organisation? Can recommendations be made? Should the Eurostat guidelines be updated and expanded to cover other ECE countries?
- What are the likely consequences on the response burden on the enterprises?
- What are the best strategies for editing data from surveys and administrative sources, and for efficient combinations of various sources?

iv) The definition and treatment of multinational enterprises – globalisation

12. The growing role of multinational enterprises (MNE) is an important aspect of globalisation. Statistics on MNE is under development in NSOs and international organisations are involved in various projects in relation to MNE.

- How to ensure coordination between the different activities on MNE?
- Are MNE treated in a consistent way in business registers and in business statistics? How can this be ensured?
- How will the treatment of MNE and activities of foreign affiliates in business registers and business statistics fit into the future NA and BOP revisions? Is there coherence in the definition of the units and issues related to domestic and national concepts? Do national input-output tables still make sense?
- Is there a need for (more) international coordination or Handbooks?

v) International manuals on business statistics

13. There exist a rather large number of manuals on short-term and structural business statistics (and business demography), which refer to various standards and classifications and are partly overlapping.

- Is there a need for a more coordinated approach? For example, to have an overview of manuals and handbooks etc. to be able to assess consistency, overlaps, needs for

updates, etc.. The existing Handbook on Index Numbers of Industrial Production (under revision), for example, dates back to 1950.

- An inventory of current manuals and handbooks, accessible from a single web page, would help identify duplication and gaps, and be helpful to users.
- It might also be useful to discuss policies and division of work between international organisations on business statistics manuals in future.

vi) The SNA revisions and business statistics

14. The revision of the 1993 SNA is expected to be finalised around 2008 after which the work of implementation will start.

- It will be important to ensure harmonisation of business registers and business statistics with the new version of the SNA Manual and the revised NACE and ISIC.
- What will be the role of the UNSD project on the integrated approach of economic statistics? Which aspects will be included/excluded by this activity?

vii) Balance of payments and trade statistics

- Does the Manual on Statistics of International Trade in Services (planned to be finalised in 2009) give enough weight to issues related to MNE structures and links to other areas, and what, if any, will be the likely consequences for business statistics/registers?
- Consistency as regards definitions and classifications (NACE and ISIC) and the SNA should be ensured to the extent possible.
- There are major difficulties involved in the compilation of statistics on trade in services due to problems with definitions of the units, transfer pricing and availability of source data. If there are serious problems with the quality of services trade statistics, measures should be taken to reduce these through research and recommendations and support of best practices.
- In view of the increasing liberalisation of trade in services, are business surveys the only practical way of obtaining data, and what is the potential of administrative sources (like tax data)?

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