USE OF SBR FOR FATS-
NATIONAL EXPERIENCE

Meeting of the Group of Experts on Business Registers,
21.09.2015

René Söllner
(Partly) solved issues

- Coverage of I-FATS units in the EuroGroups Register (EGR)
  - In the past, the coverage of national I-FATS units was unsatisfying
  - From reference year 2014 onwards is can be assumed that full coverage will be achieved

- Coverage of O-FATS units in the EGR
  - In some member states, the National Central Bank are responsible for O-FATS
  - Contribution of O-FATS to EGR is in progress
  - Data transmission is highly appreciated
  - Inconsistencies by mirroring I-FATS and O-FATS → only a comprehensive EGR will reduce inconsistencies
I-FATS units in VAT groups

- I-FATS units can be part of a VAT group
- Usually, only one unit reports the turnover of the whole VAT group
  → missing turnover information in the BR for the other members of the VAT group
- Redistribution of turnover among VAT group members necessary
- In Germany, an redistribution procedure based on a regression model is part of the regular data production in the BR

\[ \ln(y) = \alpha + \beta_1 \ln(x_1) + \beta_2 \ln(x_2) + \beta_3 \ln(x_3) + \beta_4 x_4 + \ldots + \beta_i x_i + \varepsilon \]

Dependent variable: turnover
Independent variables: #employees, sector, legal form, location ...
(Partly) solved issues

- Development of new globalisation indicators
  - Indicators can be based on the linkage between trade statistics and I-FATS
  - Examples: Import share of foreign affiliates, Export share of foreign affiliates → published on www.destatis.de

\[
\text{Import share foreign affiliates} = \frac{\text{Intra-EU imports of foreign-controlled enterprises}}{\text{Total intra-EU imports}} \times 100
\]

\[
\text{Export share foreign affiliates} = \frac{\text{Intra-EU exports of foreign-controlled enterprises}}{\text{Total intra-EU exports}} \times 100
\]
(Partly) solved issues

Import share of foreign affiliates

<table>
<thead>
<tr>
<th>Year</th>
<th>Share in %</th>
</tr>
</thead>
<tbody>
<tr>
<td>2008</td>
<td>38.9</td>
</tr>
<tr>
<td>2009</td>
<td>37.9</td>
</tr>
<tr>
<td>2010</td>
<td>39.6</td>
</tr>
<tr>
<td>2011</td>
<td>40.7</td>
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<tr>
<td>2012</td>
<td>42.4</td>
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</table>

Export share of foreign affiliates

<table>
<thead>
<tr>
<th>Year</th>
<th>Share in %</th>
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<td>2008</td>
<td>29.3</td>
</tr>
<tr>
<td>2009</td>
<td>29.2</td>
</tr>
<tr>
<td>2010</td>
<td>29.1</td>
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<tr>
<td>2011</td>
<td>28.4</td>
</tr>
<tr>
<td>2012</td>
<td>29.7</td>
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</tbody>
</table>
Issues to be solved

- Unknown ultimate controlling institutional unit (UCI)
  - The assumption that the global group head (GGH) is identical with the UCI is not always correct
  - It would be very desirable if BR/EGR staff could identify cases where the GGH ≠ UCI

- Ancillary activities and vertical integration
  - For the delineation of enterprise results ancillary units and vertically integrated units need to be identified
  - Ideally, the BR should provide the information needed to produce consolidated enterprise values
Issues to be solved

- Size class identification of I-FATS units
  - Two opposing views to define the (employment) size class of an I-FATS enterprise
    1) domestic employment of the truncated enterprise
       → national perspective
    2) employment of the global enterprise
       → global perspective
  - Concerning alternative 2): Is the EGR able to provide the required cross border information on the employment of global enterprise groups?
Issues to be solved

- **Identification of intra-firm-trade**
  - Development of accurate globalisation indicators (e.g. export of I-FATS enterprises) deserves data about intra-firm-trade
  - Use of VIES (Vat Information Exchange System) data in combination with Intrastat and the EGR allow, in principle, to identify trade flows between enterprises of the same enterprise group

- **Practical obstacles exist:**
  - No common identifier in Intrastat, VIES and EGR → Matching through BR, but units get lost during the linking process
  - Identification of intra-firm-trade is only possible when NSIs use turnover-tax IDs as identifiers in the EGR → Delivery of turnover-tax ID
Thank you for your attention!

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