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on Business Registers  
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## **IDEAS ON A WORKING FRAMEWORK FOR GLOBALISATION**

Note by OECD

1. The importance assumed by Globalisation in the economy has for several years led both the Member States and Eurostat to develop projects aiming to measure one or other aspect of Globalisation (foreign trade, Research and Development, activity abroad of the multinational firms, foreign direct investments, etc.). Some of these projects, at the European level, are at the stage of transmission of the data to Eurostat, generally still on voluntary basis within the framework of pilot studies.
2. By the very fact that Globalisation has many different aspects, these projects generally developed without real co-ordination between the units which are in charge of them.
3. Simultaneously, OECD undertook important work of harmonisation and of definition as regards the concepts of the Globalisation and of its measure, by drafting a manual which is planned to be completed by the end of this year. This harmonisation effort should allow rapid development of reference indicators. An initial review on Globalisation issues had also been conducted by Eurostat in 1998, leading to drafting a «Eurostat Working Papers» (February 1999); the Member States had been closely involved in this work the conclusions of which were a set of recommendations to measure the intensity and the impact of Globalisation.
4. Business Statistics Directors discussed in depth some aspects related to Globalisation during the third BSDG (April 2000), through contributions from Denmark, France, Ireland, Portugal, Finland and Eurostat.

5. At the end of 2000, Eurostat set up an internal Focal Point on Globalisation involving the units in charge of measuring Globalisation: D2 (Fats), B5 (FDI), C4 (External Trade), A4 (R&D) and D1 (Enterprise Groups). The objective is to share information as well as to define a common and co-ordinated approach to Globalisation (especially regarding Eurostat's contribution to the development of the OECD manual).
6. On the basis of the first work of this Focal Point, the purpose of this paper is to propose a draft working framework for the measurement of Globalisation, as well as to stress the principal current issues.
7. Four major aspects are examined:
  - a) for which territory to analyse Globalisation ?
  - b) which indicators to measure the extent and the impact of Globalisation and which consequences for the statistical system ?
  - c) the essential role of the enterprise groups;
  - d) which new statistical outputs are necessary, taking the "globalised" nature into account of the economy directly ?

#### Which territory ?

8. With regard to Globalisation, the European Union as a whole is evidently an essential actor for which a set of information has to be developed. The existence of the internal market and the role of the European Union in the negotiations of the WTO, imply that the statistical indicators to be developed have to be seen with the European level as the target.
9. The fact that, very often, international groups originating from one of the fifteen Member States carry out their activity in several countries of the European Union, should lead us to apply a European approach for collecting data, whether for reasons of limitation of the response burden or of reliability and quality of the collected data. For such groups, each Member State has in fact only a partial view.
10. Looking at, for example, the extra-Europe activity of these European groups, it is important to understand that any consolidation of their activities at a 'European' level could result in double counting (or conversely omission) from data supplied by Member States. However, it is precisely this kind of harmonised approach that these groups will be seeking. As an example, we are aware of the approach made by Philips Electronics (NL) to the ECB via their professional association for a common system for BoP reporting of services and financial assets and liabilities. This trend is likely to continue.
11. Nevertheless, statistical Globalisation indicators will also have to be worked out for each Member State, on the one hand because comparisons should be feasible regarding the role played and the place occupied by each country of the EU in Globalisation. On the other hand because the demand, at national as well as at international level, exists. Finally because some Member States already have such indicators for which statistical continuity has to be ensured.
12. It remains nevertheless important to stress that the project on Globalisation, due to its international nature, should lead to adopt a European approach; in addition this project is probably one of the first ambitious statistical projects for which the users' needs have been expressed simultaneously

at the European level and at the national levels. We should take the opportunity to progress in the European Statistical System and National Statistical Systems in parallel. And, as a consequence, to advance the concept of European Statistical System significantly.

Which indicators can measure the importance and the impact of Globalisation and what are the consequences for statistical system ?

13. In its provisional version, the manual of the OECD intends to classify the globalisation indicators in three groups, according to whether they measure:

- a) the extent and intensity of globalisation
- b) the impact of globalisation on economic performance
- c) Globalisation's tie-ins with policies and structural reforms

14. Work on the first category is the most advanced, a final list of indicators to be approved before the end of 2001. These indicators aim to measure foreign direct investments and the activity of international firms, globalisation of trade through various External Trade indicators as well as the international dissemination of technology. These indicators aim in fact at adding the dimension «country ownership» to the dimension «country location», on which the current business statistical system is based.

15. Among this final list of indicators, Eurostat will propose to the Member States a first priority list (see Annex 2).

16. Generally these indicators are defined symmetrically, i.e. they aim at measuring not only the role of the foreign firms in the reference country but also that of the firms of the reference country abroad.

17. Essentially these indicators correspond, at least to some extent, to existing projects in Eurostat or in the Member States, or under progress: FATS, FDI, Trade Services, CIS - Community Innovation Survey, Intra-Firm Trade or CIGET (Contribution of International Groups to External Trade) (see annex 1). All these projects are currently led by Eurostat, in collaboration with the ECB concerning FDI and Trade in Services projects, in the framework of Task forces, Working Groups largely involving Member States.

18. The main current issues for these projects being developed are of several types:

- to ensure that the variables and breakdowns selected allow the fast provision of the priority indicators selected,
- to ensure consistency between these projects, by avoiding any duplication and by ensuring the use of common classifications (in particular for the breakdowns by geographical areas),
- to solve difficulties relating to the confidentiality of data,
- to involve all the Member States in the development of these projects.

19. It must be stressed that the will to work jointly with the OECD will sometimes slow down the development of these projects, methodological discussions being sometimes time consuming.

20. Another issue to be underlined concerns the necessary collaboration which has to be intensified, in the majority of the Member States, between Statistical Offices and other public sector bodies, like Central Banks, Customs, etc., with regard to data collection. In this context, a Working Group on FATS data is planned to be organised jointly by the units D2 and B5 of Eurostat to which central bank and NSI representatives will be invited.

#### Activity abroad of the European firms

21. Successful marketing abroad relies more and more frequently on setting up affiliates abroad or acquiring existing firms abroad, rather than the traditional way of exports. Ranking a country or a territory in international competition requires indicators on this activity, through for example the amount of production or of R&D carried out abroad (indicators proposed by the OECD). Moreover it would be wise to distinguish activity which results from the search for lower production costs to serve the national market from the activity aiming at foreign market conquest.

22. In contrast to the indicators on activity of foreign affiliates, those on the activity of the European groups (i.e. originating from EU countries) abroad may require new data collections; these will probably have to be directed to the enterprise groups.

23. This activity will necessitate close co-operation within the EU between the NSIs, but also involving the NCBs where appropriate, in order to avoid double counting or omissions on a group's activity outside Europe. Such co-operation may result in a single data collection strategy, but this will have to be the subject of a feasibility study at the outset.

24. Moreover, the same observation could be made with regard to the survey strategy in the rest of Europe of a group originating from one of the EU countries; this European activity is already surveyed by other EU-NSIs (where the group carries out activities). An exchange of data between NSIs would avoid this double interrogation and would ensure de facto a strict consistency of the data between the two Member States (Fats inward and outward within Europe).

25. Such a strategy runs up against confidentiality rules, at least with regard how they are applied between the EU15 statistical offices. A study should be led under Eurostat's responsibility to examine how the EU15 NSIs could be considered as privileged users as regards some confidential data, giving thus meaning to the European statistical area concept.

#### The essential role of the enterprise groups

26. As regards FATS statistics (inward and outward) as well as those on the share of the intra-firm exchanges in external trade or on the share of the internationalisation of R&D, or even on FDI, reliability and comparability of these depend first of all on harmonisation on how to define and register the enterprise groups, both originating from European countries and non European countries.

27. This is the major issue today affecting the development of globalisation statistics. Moreover there is a risk of setting up separate enterprise groups registers, implying statistical inconsistencies and resources wastage.

28. The last Working Group devoted to enterprise groups (April 2001) showed clearly that the current practices in the Member States diverged appreciably, with regard to essential variables in the context of globalisation, the UBO, the First Shot owner, or the group head and its nationality. Finally, there is no European consensus today about the enterprise group's delineation itself.
29. Even if it might be necessary to operate simultaneously with different concepts (UBO, first shot, etc.) for different statistical purposes, harmonising rapidly those concepts should be considered as very urgent.
30. Within Eurostat, the setting up of a Focal Point on Globalisation made it possible to progress in the understanding of the business statisticians' needs as regards the registration of the enterprise groups.
31. The Eurostat's proposals on statistical units in the framework of the improvement of the quality of statistics by industry should reinforce the role played by the groups by recommending to delineate the enterprise unit by profiling the enterprise groups themselves.
32. Among the elements to be analysed when delineating an enterprise group, the existence of group accounts and the consolidation level might play an important role; moreover to collect data on globalisation for these groups could be facilitated when using such accounts.
33. The weak harmonisation level of the group accounts is often regarded as a major obstacle to their possible statistical use; nevertheless standardisation work is in process. The current work undertaken by Unit D1 within Eurostat should be continued in order to draw up an inventory of the current practices and of their foreseeable development, to evaluate the statistical use potential of such accounts as well as the obstacles to such a use. On the basis of the conclusions of this project, we would then decide on necessary actions to be undertaken directly at European level to encourage the statistical use of the group accounts.
34. In addition to the need for a rapid European harmonisation regarding enterprise groups, we should reflect on the most efficient way to track the groups in the EU, whether the European groups (originating from EU countries) or the sub-groups of extra EU groups (by marking all their units installed in Europe). The setting up of a European, physical or logical register, is one of the possible ways, as is the sharing between the various NSIs of some basic data (number of units of the group installed in a given EU-country, employment, principal activity of the units and elements of shareholders for example). If such a way were approved, we should then define a protocol of exchange of information. A Task Force, co-ordinated with the Business Register Working Group, could be installed on this subject to make an inventory of the needs and to propose solutions.
35. As mentioned above in the context of Globalisation indicators to be developed, how to apply confidentiality rules between EU-NSIs should be examined.

Which new statistical outputs are necessary, taking the globalised nature into account of the economy directly ?

36. The globalisation indicators aim to measure the extent and the impact of Globalisation; for all that the national economies continue being described according to concepts established before Globalisation has expanded rapidly; these concepts are mainly based on "country location" principles.

How these current statistics are more or less biased and how these present concepts can really describe the globalised economy should be examined.

37. Two questions arise then:

- a) will new concepts, incorporating “country ownership” principles, be necessary to describe strongly globalised economies ?
- b) do certain current statistical outputs have to be “modified” due to bias generated by Globalisation ?

38. Essentially, modifications induced by Globalisation lie in the splitting, within the same enterprise group, of the various stages of the production process (including R&D activities, marketing stages, etc.) on various territories, each one considered separately as a reference field to elaborate statistical outputs. The split-up of this process as well as an artificial valuation of the various stages, by the enterprises themselves in order to benefit as much as possible from the advantages specific to each geographical area, can then make more difficult the right evaluation of the production function on a territorial basis.

39. It surely is not the role of the business statisticians to answer these two questions, but of the economists, institutional or academic, and more generally of the business statistics’ users, in particular the national accountants. However, the business statisticians by their own knowledge of these phenomena can prompt answers. The provision of first indicators on Globalisation will provide first answers (in particular regarding the share of intra-firm trade in external trade).

40. With regard to the first question (need for new concepts to describe, for example, competitiveness, growth), we could decide to organise a seminar.

41. With regard to the second question, a study programme could be defined for the coming months on how transfer prices are effectively used, instead of market prices, in intra-group international trade and on an assessment of their impact on economic aggregates like GDP, external trade.

Proposals for support

- 42 a) To launch a reflection on the consequences to be drawn in our methods of working from the international and European nature of Globalisation, and more particularly from the fact that the work on Globalisation is starting almost simultaneously at the national levels and at the European level. More generally how to use the opportunity of this specific statistical work on Globalisation to develop the European Statistical System significantly?
- b) To make rapidly an inventory of all Globalisation concepts currently used within Eurostat and by the Member States.
- c) To set up a Task Force specifically dedicated to some general aspects related to the measurement of Globalisation:
  - which practical definitions for the most important concepts on Globalisation (in coherence with OECD harmonisation work)?

- how to collect without double counting and omission information on the activities abroad of the European groups?
  - how to consider EU15 NSIs as privileged users as regards confidentiality rules in order to correctly and efficiently register Enterprise Groups in EU15?
  - how to use group accounts (consolidated accounts) and which are the main obstacles to use them today?
- d) To organise a seminar (end of 2002) on the possible needs for new economic concepts in order to describe globalised economies.
- e) To decide a first priority list of Globalisation indicators to be regularly disseminated (with data transmission timetable).

**Annex 1**

Overview of the projects on or related to Globalisation under progress in Eurostat

- 1) FATS (B5)
- 2) FATS (D2)
- 3) FDI (B5)
- 4) Innovation (A4)
- 5) Intra-Firm Trade (C4)
- 6) Business Register (Enterprise Groups) (D1)
- 7) CIGET (C4)
- 8) Multinationals (B5)
- 9) Direct reporting Surveys (B5)
- 10) International Trade in Services (B5)

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**1) Inward and outward FATS (B5, Paolo Passerini)**

<b>Is it a new project or a development of a previous project (if so, indicate the previous project)?</b>	The project started in 1996 with a task force that lasted up until end-1997. Since 2000, FATS questionnaires have been (in theory) incorporated in the regular transmission of other BoP data.
<b>Starting date of the project:</b>	1996
<b>Deadline of the project:</b>	No deadline
<b>Aims of the project:</b>	Evaluation of variables for majority-owned foreign affiliates according to the same breakdown of FDI statistics.
<b>Possible legal consequences of the project (in terms of new regulations or in amendments of existing regulations):</b>	Too early to say if FATS will be covered in BoP future legislation (see FDI)
<b>Are there links between this project and other international projects (OECD, Voorburg Group, etc.)?</b>	OECD. Questionnaires are nearly the same as those of OECD (were designed jointly). The collaboration with OECD also concerns the harmonisation of methodologies.
<b>List of variables to be collected (or planned to be collected, precise) and the reference year for these data:</b>	Turnover, employment, value added, import and exports. Data currently available internally for reference years 1995, 1997 and 1998 Data for reference year 1999 to be provided by 30 June 2001
<b>Breakdowns proposed for these data (in detail):</b>	Same breakdown as for FDI for geo and activity.

<b>On which basis (voluntary, compulsory, pilot study, feasibility study, etc.) these data have been already collected (or planned to be collected)?</b>	Voluntary
<b>In case of new variables, do their definition have already been approved?</b>	Alignment to international definitions of UBO, etc.
<b>In which framework the Member States have been involved (TF, WG, etc.)?</b>	After the task force referred to above no meeting has taken place
<b>Member States actually involved in the project</b>	D, F, I, L, P, FIN, S, B, A have provided data
<b>Candidate countries involved in the project</b>	
<b>List of the difficulties you are facing (or already solved):</b>	Confusion on the part of Member States concerning the link to the second FATS data collection in unit D2 Delay of the methodological development due to the necessity to coordinate with OECD and the slow pace of OECD

## 2) Inward FATS (D2, Bettina Knauth)

<b>Is it a new project or a development of a previous project (if so, indicate the previous project)?</b>	Pilot study foreseen in Council Regulation 58/97, Annex 1, Section 10
<b>Starting date of the project:</b>	First phase (summary data): 1997 ? Second phase (UBO, detailed breakdowns by NACE Rev.1 and owner): end 1998 Third phase (extension to manufacturing, further harmonisation of methodologies): end 2000
<b>Deadline of the project:</b>	Third phase: mid 2002
<b>Aims of the project:</b>	Evaluation of the feasibility of collecting data for the breakdown of structural business statistics according to the existence (or otherwise) of a majority control by non-resident enterprises
<b>Possible legal consequences of the project (in terms of new regulations or in amendments of existing regulations):</b>	Amendment of Council Regulation 58/97 in order to turn the breakdown into a standard requirement
<b>Are there links between this project and other international projects (OECD, Voorburg Group, etc.)?</b>	OECD, WTO, UNCTAD participate in all meetings of the Task Force. Whereas WTO and UNCTAD can be considered as users, the collaboration with OECD is closer and concerns the harmonisation of methodologies.

<b>List of variables to be collected (or planned to be collected, precise) and the reference year for these data:</b>	Number of enterprises, turnover, production value, value added, personnel costs, purchases of goods and services, purchases of goods and services for resale, gross investment in tangible goods, number of persons employed, employees. Data currently available for reference years 1996, 1997 and 1998 (NewCronos/SBS/FATS) Data for reference year 1999 to be provided by 31 December 2001
<b>Breakdowns proposed for these data (in detail):</b>	Coverage: NACE Rev.1 C - K, breakdown on two, three or four digit level depending on economic activity Breakdown by individual countries of ownership.
<b>On which basis (voluntary, compulsory, pilot study, feasibility study, etc.) these data have been already collected (or planned to be collected)?</b>	Currently voluntary pilot study supported by grants
<b>In case of new variables, do their definition have already been approved?</b>	Alignment to international definitions of UBO, etc.
<b>In which framework the Member States have been involved (TF, WG, etc.)?</b>	Annual meeting of the Task Force FATS Annual information of the Steering Group Structural Business Statistics
<b>Member States actually involved in the project</b>	DK, E, IRL, I, L, NL, P, FIN, S, UK have provided or will provide data D and F participate as observers in the Task Force Bilateral contacts with B and A with the aim of ensuring their participation No contacts with EL
<b>Candidate countries involved in the project</b>	Not involved.
<b>List of the difficulties you are facing (or already solved):</b>	Confusion on the part of Member States concerning the link to the second FATS data collection in unit B5 Delay of the methodological development due to the necessity to coordinate with OECD and the slow pace of OECD

### 3) Foreign Direct Investment (B5, Paolo Passerini)

<b>Is it a new project or a development of a previous project (if so, indicate the previous project)?</b>	Regular collection started in 1993 in the framework of Balance of Payments statistics. Figures as from 1995 are more detailed than figures for previous years.
<b>Starting date of the project:</b>	1992
<b>Deadline of the project:</b>	No deadline
<b>Aims of the project:</b>	Collecting annual figures for FDI broken down by geographical partner and economic activity

<b>Possible legal consequences of the project (in terms of new regulations or in amendments of existing regulations):</b>	A new Regulation concerning Balance of Payments statistics including FDI is under development (still in the preliminary stage)
<b>Are there links between this project and other international projects (OECD, Voorburg Group, etc.)?</b>	OECD, UNCTAD, IMF. The collaboration with OECD is closer and concerns the harmonisation of methodologies and questionnaires.
<b>List of variables to be collected (or planned to be collected, precise) and the reference year for these data:</b>	FDI capital flows inward and outward (broken down in equity capital, reinvested earnings, other capital) FDI income flows (reinvested earnings, dividends, interest) FDI stocks at end-year (equity plus reinvested earnings, other capital) Data currently available for reference years 1992-1999. Older series less detailed and with old methodology available for 1984-1991. (NewCronos/theme2/bop/fdi) Data for reference year 2000 to be provided by 30 June 2001.
<b>Breakdowns proposed for these data (in detail):</b>	Geographical breakdown: Level 3 of BoP geo-classification. Activity breakdown: about 20 branches consistent with NACE rev. 1. See BoP Vademecum for details
<b>On which basis (voluntary, compulsory, pilot study, feasibility study, etc.) these data have been already collected (or planned to be collected)?</b>	Voluntary. Based on gentleman's agreements signed by Member States
<b>In case of new variables, do their definition have already been approved?</b>	Not applicable
<b>In which framework the Member States have been involved (TF, WG, etc.)?</b>	Two annual meetings of the BoP Working Party
<b>Member States actually involved in the project</b>	All Member States. Greece doesn't supply figures
<b>Candidate countries involved in the project</b>	
<b>List of the difficulties you are facing (or already solved):</b>	Treatment of confidential data for some Member States

#### 4) Community Innovation Survey – CIS (A4, Frank Foyn)

<b>Is it a new project or a development of a previous project (if so, indicate the previous project)?</b>	It's the 3 <sup>rd</sup> survey, with reference year 1997. The previous was held in 1997 (reference year 1996)
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<b>Starting date of the project:</b>	The data collection in the MS is starting in the period March-October 2001. Provisional data will be published 2 <sup>nd</sup> quarter 2002, final data will be published 4 <sup>th</sup> quarter 2002.
<b>Deadline of the project:</b>	Mid 2003
<b>Aims of the project:</b>	The survey aims at gathering information on technological innovation in EU enterprises.
<b>Possible legal consequences of the project (in terms of new regulations or in amendments of existing regulations):</b>	It's planned to be included as a biannual survey in the New Statistical Legal Act for Science & Technology.
<b>Are there links between this project and other international projects (OECD, Voorburg Group, etc.) ?</b>	OECD participates actively to Working Group and Task Force meetings aimed at defining the core questionnaire.
<b>List of variables to be collected (or planned to be collected, precise) and the reference year for these data:</b>	Within the context of innovation, three questions are asked which can be considered as linked to globalisation: 1) whether the enterprise is part of a group and, if yes, where is its head office, 2) significant market for new developed products, 3) co-operation (on regional or country basis) in the development of new products..
<b>Breakdowns proposed for these data (in detail):</b>	Mainly by Nace and size class.
<b>On which basis (voluntary, compulsory, pilot study, feasibility study, etc.) these data have been already collected (or planned to be collected)?</b>	Survey supported by grants; mostly voluntary survey in the MS.
<b>In case of new variables, do their definition have already been approved?</b>	
<b>In which framework the Member States have been involved (TF, WG, etc.)?</b>	Several meetings of the Task Force (Germany, France, Italy, Netherlands, Norway, Sweden, UK) and Working Group.
<b>Member States actually involved in the project</b>	All MS are participating.
<b>Candidate countries involved in the project</b>	Several CC will launch the innovation survey in 2001 or 2002.
<b>List of the difficulties you are facing (or already solved):</b>	Definition of technological innovation and co-ordination of the core questionnaire with MSs. Definition of "multinational enterprise", which was substituted by the more generic term "group".

##### 5) Intra-firm trade (C4, Denis Leythienne)

<b>Is it a new project or a development of a previous project (if so, indicate the previous project)?</b>	New project
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<b>Starting date of the project:</b>	2001
<b>Deadline of the project:</b>	No deadline
<b>Aims of the project:</b>	Collecting monthly or annual figures for the intra-firm trade by main commodities, reporter and partner countries.
<b>Possible legal consequences of the project (in terms of new regulations or in amendments of existing regulations):</b>	Possible amendment of the Intrastat and/or Extrastat legislation
<b>Are there links between this project and other international projects (OECD, Voorburg Group, etc.)?</b>	Task-Force on International Trade in Statistics.  OCDE Manual on globalisation
<b>List of variables to be collected (or planned to be collected, precise) and the reference year for these data:</b>	Intra-firm imports/exports (arrivals/dispatches) as a proportion of the total value of imports/exports (arrivals/dispatches).  Reference year : 2001 and after
<b>Breakdowns proposed for these data (in detail):</b>	Geographical breakdown : EU ; Switzerland ; (Europe - EU -Switzerland) ; Africa ; USA ; (America-USA) ; Near&Middle East ; Japan ; (Asia - Japan) ; Rest of the World Commodity breakdown : probably CPA-2digits or HS-2digits
<b>On which basis (voluntary, compulsory, pilot study, feasibility study, etc.) these data have been already collected (or planned to be collected)?</b>	Voluntary. Pilot studies financed through the Edicom budget.
<b>In case of new variables, do their definition have already been approved?</b>	Not applicable
<b>In which framework the Member States have been involved (TF, WG, etc.)?</b>	Two annual meetings of the Task-Force Trade Registers - Globalisation.
<b>Member States actually involved in the project</b>	For the time being: F and NL on a large scale, G for a pilot study. All MS when the future legislation will come into force.
<b>Candidate countries involved in the project</b>	Not involved.
<b>List of the difficulties you are facing (or already solved):</b>	Lack of experience in this domain. Difficulty to define and delineate groups. Additional burden on respondents.

6) **Enterprise Groups (EG), inclusion and treatment in Business Registers (BR) (D1, Arto Luhtio & Eduard Hauser)**

<b>Is it a new project or a development of a previous project (if so, indicate the previous project)?</b>	Egs have been discussed for a long time, since early 1990's. The BR Manual of Recommendations includes few references to EGs, but the real work started only in 1999.
<b>Starting date of the project:</b>	Methodological work on EGs started in 1999. In 2001 some basic information on EGs were for the first time included in the BR Annual Inquiry (to EU, EEA and Candidate Countries)
<b>Deadline of the project:</b>	None. It seems necessary to keep it as a separate project for some years still, afterwards it will be included in current BR methodology
<b>Aims of the project:</b>	To include information on EGs in BRs and to harmonise their treatment in order that EGs can be used as a tool for producing statistics, mainly for globalisation but also for other purposes.
<b>Possible legal consequences of the project (in terms of new regulations or in amendments of existing regulations):</b>	'Council Regulation on Community co-ordination in drawing up Business Registers for Statistics Purposes No 2186/93' will need to be revised in the final phase of the project (long-term)
<b>Are there links between this project and other international projects (OECD, Voorburg Group, etc.) ?</b>	EGs are discussed also in the city group 'Roundtable of business survey frames'. UN/ECE collected the (Annual Inquiry) information in 2001 from other ECE countries. OECD 'Manual on Economic Globalisation Indicators' proposes harmonised treatment for certain concepts.
<b>List of variables to be collected (or planned to be collected, precise) and the reference year for these data:</b>	In the 2001 inquiry only little information on EGs is collected, mainly the number of EGs, enterprises and legal units and their employment. The information on EGs is proposed to be enlarged in the 2002 inquiry.
<b>Breakdowns proposed for these data (in detail):</b>	Further breakdown of transnational EGs to foreign-owned (EU owned, other), domestically-owned and all-resident EGs according to number of enterprises and legal units belonging to EGs. Number of EGs, enterprises, legal units and employment for all break-down. Further break-downs possible when almost all MS will have information on EGs within the next 2-3 years.
<b>On which basis (voluntary, compulsory, pilot study, feasibility study, etc.) these data have been already collected (or planned to be collected)?</b>	Voluntary information collection at present and in the foreseeable future
<b>In case of new variables, do their definition have already been approved?</b>	Partly, many are still under discussion

<b>In which framework the Member States have been involved (TF, WG, etc.)?</b>	Several meetings of the Task Force and Working Group.
<b>Member States actually involved in the project</b>	All except Greece
<b>Candidate countries involved in the project</b>	CC are included in information collection and monitoring of the situation; CC do not have yet information on Egs.
<b>List of the difficulties you are facing (or already solved):</b>	There are two main difficulties: 1. Confidentiality: to exchange information between countries is in general impossible; it is difficult even within a country between NSIs and other organisations (Central Banks, Customs, etc.). An EU Regulation may be needed to solve the problem. 2. Sources of information: administrative sources (confidentiality!), commercial sources, surveys, etc.; the information in the sources is improving, but in many countries it is not yet of a good enough quality.

#### 7) CIGET statistics (C4, Denis Leythienne)

<b>Is it a new project or a development of a previous project (if so, indicate the previous project)?</b>	New project
<b>Starting date of the project:</b>	2000
<b>Deadline of the project:</b>	No deadline
<b>Aims of the project:</b>	Collecting annual figures for the Contribution of International Groups to the External Trade broken down by nationality of the firm, main commodities, reporter and partner countries.
<b>Possible legal consequences of the project (in terms of new regulations or in amendments of existing regulations):</b>	Not defined yet
<b>Are there links between this project and other international projects (OECD, Voorburg Group, etc.)?</b>	Task-Force on International Trade in Statistics. OCDE Manual on globalisation.

<b>List of variables to be collected (or planned to be collected, precise) and the reference year for these data:</b>	<p>-Number of independent/domestic/foreign-owned operators by partner zone.</p> <p>-Number of independent/domestic/foreign-owned operators by number of partner zones.</p> <p>-Imports/Exports (Arrivals/Dispatches) by nationality of the group owner × NACE sector.</p> <p>-Imports/Exports (Arrivals/Dispatches) by nationality of the group owner × Commodities (HS-2digits nomenclature).</p> <p>-Imports/Exports (Arrivals/Dispatches) by country of ownership × partner zone</p> <p>Reference year : 1999</p>
<b>Breakdowns proposed for these data (in detail):</b>	<p>Geographical breakdown : EU ; Switzerland ; (Europe – EU –Switzerland) ; Africa ; USA ; (America-USA) ; Near&amp;Middle East ; Japan ; (Asia – Japan) ; Rest of the World</p> <p>Commodity breakdown : NACE-2digits or HS2digits</p>
<b>On which basis (voluntary, compulsory, pilot study, feasibility study, etc.) these data have been already collected (or planned to be collected)?</b>	Voluntary. Pilot studies financed through the Edicom budget.
<b>In case of new variables, do their definition have already been approved?</b>	Not applicable
<b>In which framework the Member States have been involved (TF, WG, etc.)?</b>	Two annual meetings of the Task-Force Trade Registers - Globalisation.
<b>Member States actually involved in the project</b>	Greece, France and Italy (pilot studies).
<b>Candidate countries involved in the project</b>	Not involved.
<b>List of the difficulties you are facing (or already solved):</b>	<p>Treatment of confidential data for some Member States.</p> <p>Difficulty to define and delineate groups. No harmonised and updated register of groups.</p>

#### 8) Multinational BoP Reporting (B5, E. Caprioli & A. Roberts)

<b>Is it a new project or a development of a previous project (if so, indicate the previous project)?</b>	New Project following request from European Round Table to ECB President for simplification of multinational BoP data provision.
<b>Starting date of the project:</b>	Mid 2000
<b>Deadline of the project:</b>	Not determined – a rigorous testing phase has yet to be implemented with selected ERT member

	companies and other multinationals.
<b>Aims of the project:</b>	To ascertain whether proposed new forms are acceptable to European-owned multinationals and can be absorbed within national b.o.p. processing systems.
<b>Possible legal consequences of the project (in terms of new regulations or in amendments of existing regulations):</b>	None directly, though the project may be affected by future regulation changes regarding Enterprise Groups. Also possible changes to national data dissemination laws.
<b>Are there links between this project and other international projects (OECD, Voorburg Group, etc.)?</b>	ECB is an active participant at the TG meetings, and the project is linked to the one for Direct Reporting & Surveys (see separate presentation sheet).
<b>List of variables to be collected (or planned to be collected, precise) and the reference year for these data:</b>	A complete sweep of Trade in Services, Foreign Assets and Liabilities (both monthly) components (flows, stocks and earnings), together with Annual Foreign A & L data. This will include FDI and (maybe) FATS.
<b>Breakdowns proposed for these data (in detail):</b>	
<b>On which basis (voluntary, compulsory, pilot study, feasibility study, etc.) these data have been already collected (or planned to be collected)?</b>	The testing phase will be carried out with a few volunteer multinationals. Thereafter, depending on how the results work out, the forms may be used on a voluntary-only basis in some countries.
<b>In case of new variables, have their definitions already been approved?</b>	
<b>In which framework have the Member States been involved (TF, WG, etc.)?</b>	Several meetings of the Technical Group Direct Reporting, plus also the BOP Working Party.
<b>Member States actually involved in the project</b>	As members of the TG, United Kingdom, France, Spain, Portugal, Italy, Netherlands, Germany, Luxembourg, Sweden, Finland, Belgium.
<b>Candidate countries involved in the project</b>	
<b>List of the difficulties you are facing (or already solved):</b>	Some of the forms are very complex, and getting an agreed version is taking quite some time. Also, countries have quite differing collection systems and some are reluctant to participate in the testing phase, as they fear potential impact on their present systems.

#### 9) Direct Reporting and Surveys (B5, E. Caprioli & A. Roberts)

<b>Is it a new project or a development of a previous project (if so, indicate the previous project)?</b>	New Project to assist MS who use settlement systems move towards BoP collection through the use of direct reporting and surveys.
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<b>Starting date of the project:</b>	Original Project commenced 1997, report produced 1999. New mandate October 2000.
<b>Deadline of the project:</b>	Not determined – the project takes the form on an ongoing dialogue between TG members about how to use best practice within the EU15. Different MS have different plans to switch (or not) plus proposed timetables.
<b>Aims of the project:</b>	To provide a forum whereby MS can exchange ideas on BoP data collection where they currently use bank settlements systems.
<b>Possible legal consequences of the project (in terms of new regulations or in amendments of existing regulations):</b>	Potential changes to MS legislation regarding the exchange of statistical data between, for example, NSI's and NCB's.
<b>Are there links between this project and other international projects (OECD, Voorburg Group, etc.)?</b>	ECB is an active participant at the TG meetings, and the project is linked to the one for Multinationals (see separate presentation sheet).
<b>List of variables to be collected (or planned to be collected, precise) and the reference year for these data:</b>	All b.o.p. components normally collected by bank settlements systems. This will exclude Trade in Goods.
<b>Breakdowns proposed for these data (in detail):</b>	
<b>On which basis (voluntary, compulsory, pilot study, feasibility study, etc.) these data have been already collected (or planned to be collected)?</b>	The move away from settlements is voluntary, but MS have an overall objective placed on them by the CMFB to come up with plans for maintenance of data quality once settlements become obsolete.
<b>In case of new variables, have their definitions already been approved?</b>	
<b>In which framework have the Member States been involved (TF, WG, etc.)?</b>	Several meetings of the Technical Group Direct Reporting, plus also the BOP Working Party. Also, to be examined by the various committees of the ECB.
<b>Member States actually involved in the project</b>	As members of the TG, United Kingdom, France, Spain, Portugal, Italy, Netherlands, Germany, Luxembourg, Sweden, Finland, Belgium.
<b>Candidate countries involved in the project</b>	
<b>List of the difficulties you are facing (or already solved):</b>	There is considerable reluctance on the part of some MS to move away from settlements. Others would like to but want more information on direct reporting and surveys. Others still have made plans to switch within five years.

#### 10) International Trade in Services - ITS (B5, Nikos Chryssanthou)

<b>Is it a new project or a development of</b>	Regular collection started in 1985 in the framework
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<b>a previous project (if so, indicate the previous project)?</b>	of Balance of Payments statistics. Figures as from 1989 follow the IMF fifth Balance of Payments manual.
<b>Starting date of the project:</b>	1985
<b>Deadline of the project:</b>	No deadline
<b>Aims of the project:</b>	Collecting annual detailed figures for ITS broken down by geographical partner.
<b>Possible legal consequences of the project (in terms of new regulations or in amendments of existing regulations):</b>	A new Regulation concerning Balance of Payments statistics including ITS is under development (still in the preliminary stage)
<b>Are there links between this project and other international projects (OECD, Voorburg Group, etc.)?</b>	OECD, IMF, ECB. The collaboration with OECD is closer and concerns the harmonisation of methodologies and questionnaires.
<b>List of variables to be collected (or planned to be collected, precise) and the reference year for these data:</b>	EU15 BoP data and detailed ITS data with full geographical breakdown currently available for reference years 1992-1999. EU12 BoP and ITS data available for 1985-1995. Euro zone ITS data available for 1995-1999. Data are published in New Cronos / theme2/bop/its. Data for reference year 2000 to be provided by 30 June 2001.
<b>Breakdowns proposed for these data (in detail):</b>	Geographical breakdown: Level 3 and 4 of BoP geo-classification. See BoP Vademecum for details
<b>On which basis (voluntary, compulsory, pilot study, feasibility study, etc.) these data have been already collected (or planned to be collected)?</b>	Voluntary. Based on gentleman's agreements signed by Member States
<b>In case of new variables, do their definition have already been approved?</b>	Not applicable
<b>In which framework the Member States have been involved (TF, WG, etc.)?</b>	Two annual meetings of the BoP Working Party
<b>Member States actually involved in the project</b>	All Member States.
<b>Candidate countries involved in the project</b>	
<b>List of the difficulties you are facing (or already solved):</b>	No full consistency with ECB data (Euro zone , total services).

## **Annex 2**

Proposal for a list of indicators to be considered of first priority

(some of them are already available at EU level or for some Member States only)

### **Foreign Direct Investments**

1. Inward and Outward annual FDI flows for EU15 broken down by economic activity and partner country (first shot) at a detailed level
2. Inward and Outward quarterly FDI flows for EU15 with main partners (Intra EU15, Extra EU15, World, USA, Japan, Canada, EFTA)
3. Inward and Outward FDI stocks at end-year broken down by economic activity and partner country (UBO – to be further developed) at a detailed level
4. Annual FDI income flows (credits and debits) for EU15 broken down by economic activity and partner country (first shot) at a detailed level
5. Quarterly FDI income flows (credits and debits) for EU15 with main partners (Intra EU15, Extra EU15, World, USA, Japan, Canada, EFTA)

### **Activity of multinational firms (FATS)**

6. Proportion of production and employment abroad in aggregate production and employment (Outward FATS)
7. Proportion of aggregate host country value added and employment attributable to foreign affiliates broken down by economic activity and partner country (UBO) at a detailed level
8. Share of five most important partner countries (UBO) in value added and employment attributable to foreign affiliates

### **Globalisation of Trade**

9. Proportion of production that is exported
10. Geographic concentration of exports (according to the OECD proposal)
11. Proportion of a country's total imports attributable to foreign affiliates broken down by partner country (first shot) and main products (SITC-1 digit ?)
12. Proportion of a country's total imports from a partner country attributable to foreign affiliates from this partner country (first shot)
13. Proportion of a country's total exports attributable to foreign affiliates broken down by partner country (first shot) and main products (SITC-1 digit ?)
14. Proportion of a country's total exports to a partner country attributable to foreign affiliates from this partner country (first shot)
15. Contribution to a country's total trade surplus or deficit of foreign affiliates broken down by partner country (first shot)

16. Proportion of intra-firm imports of the host country broken down by partner country (Intra EU15, Extra EU15, World, USA, Japan, Canada, EFTA)
17. Proportion of intra-firm exports of the host country broken down by partner country (Intra EU15, Extra EU15, World, USA, Japan, Canada, EFTA)
18. Contribution to the host country's total trade surplus or deficit of intra-firm trade broken down by partner country (Intra EU15, Extra EU15, World, USA, Japan, Canada, EFTA)

### **International dissemination of technology**

19. Proportion of aggregate host country R&D expenditures attributable to foreign-controlled firms broken down by intra EU15 and extra EU15
20. Proportion of total host country researchers working for foreign affiliates broken down by intra EU15 and extra EU15
21. Proportion of a country's aggregate R&D expenditures attributable to its offshore affiliates broken down by intra EU15 and extra EU15
22. R&D by parent companies of foreign affiliates as a proportion of the host country's total domestic R&D

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