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# **Developing a Global Statistical Register for Multi-National Enterprise Groups**

## **Lessons learned from the Euro Groups Register**

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UNSC (**Decision 46/107 in 2015**) officially requested to

- 1. prepare a “Handbook on the measurement of international trade and economic globalization statistics”*
- 2. create a global register of multinational enterprise groups*

**Handbook Context** = growth in globalization and resulting need for an extended set of business statistics and economic accounts

**Handbook Focus** = Measurement and analysis of regional and global value chains



## **Global Value Chains** have four basic dimensions:

- 1. an input-output structure, which describes the process of transforming raw materials into final products*
- 2. a geographical dimension*
- 3. a governance structure, which explains how the value chain is controlled*
- 4. an institutional context of the industry value chain*

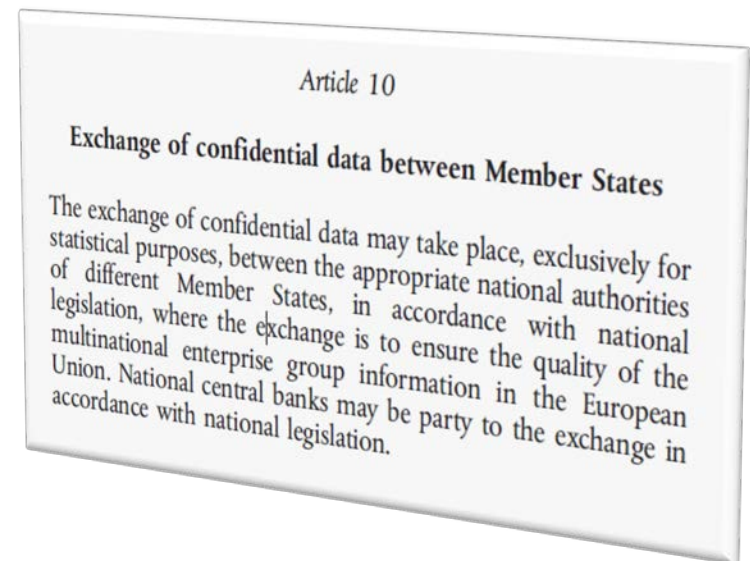
A Global Groups Register can be of great help to decipher the geographical and governance structure of a GVC

# EuroGroups Register (EGR)



The EGR is very much dependent on the **sharing of confidential micro-data**. Its launch was made possible by the entry into force of:

- EU Regulation 177/2008 on statistical business registers
  - **Article 10 - Exchange of confidential data between Member States**
- Two implementing EU Regulations:
  - **Data exchange with NSIs**
  - **Data exchange with NCBs**



The main EGR figures for the most recent reference year (2014) are as follows:

**Identified legal units** – EGR aims at identifying all incorporated legal units that may potentially be part of multinational groups

- **about 20 million** (of which 19.5 million inside Europe)

**Multinational enterprise groups** (partially or fully active in the EU)

- **61 thousand**

**Legal units in the multinational enterprise groups**

- **781 thousand**

# From EGR to GGR



- **Confidentiality will be the main issue**
  - NSIs are reluctant to share confidential micro-data
- GGR → no legal framework as EGR, but can build on:
  - *the EGR platform*
  - *the experience in using commercial data*
  - *the LEI developments*
  - *the UN capacity to recommend better sharing of information*



Entities: about 460.000 (Sept 2016), mainly but not only in the financial sector, in 195 jurisdictions.

- Free of charge on [www.gleif.org](http://www.gleif.org)
- To compare to 20 million entities in EGR (19.5 in Europe)

Relationships: plans to collect them starting in 2017, based on IFRS definitions.

- Free of charge as well
- Quality? All relationship  $\geq$  10% ownership?



## Advantages

- Good coverage, based on Eurostat experience
- Short-term data availability

## Drawbacks

- No unique identification of entities
- Cost of buying the information
- NSIs not likely to validate the information





The existence of other potential public sources to be used in order to feed the GGR should be explored further.

A couple of examples:

- EDGAR (USA)
- EBR (Europe)



## GGR should not be considered a mere extension of the EGR

While they will both be **supranational SBRs** focusing mainly on multinational enterprise groups...

... they will be based on different sets of information

... their **scope, targets and users** could also be slightly **different**

# GGR vs EGR



# Synergies

Quality



Fully in Europe	Partially in Europe	Fully outside Europe
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Fully in Europe	Partially in Europe	Fully outside Europe
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Fully in Europe	Partially in Europe	Fully outside Europe
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**EGR**  
+ synergy  
with GGR

Fully in Europe	Partially in Europe	Fully outside Europe
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**GGR**  
+ synergy  
with EGR

Fully in Europe	Partially in Europe	Fully outside Europe
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Multinational  
enterprise groups

**Present EGR**  
based on  
confidential micro-  
data

**GGR**  
based on public  
data



# Profiling at global level



Global profiling should result in benefits for the GGR (quality, consistency and stability) similar to those experienced in the ESS, both by national SBRs and the EGR

Easier integration with the groups register (compared with ESS experience) as GGR primarily based on public data

The cooperation among stakeholders would be extremely important also at global level



## 1<sup>st</sup> phase

- Tests on different possible sources to prove the feasibility
- Tests on global profiling
- Reflection on the GGR content and on flows with EGR

2018: Report to the UNSC



# Questions?