

**ESSnet on profiling
of
large and complex
Multinational Enterprise groups (MNEs)**

***Working Group on
Business Registers and Statistical Units***
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Bech Building, meeting room Ampere

Development of profiling of large and complex MNEs

1. Introduction

Globalisation makes an accurate description of the national economy increasingly difficult. The growing globalisation of economies causes some major distortions in the source data that support the compilation of national economic statistics.

Several NSIs consider the quality of the data on MNEs (and also domestic groups) with a complex operating and/or financing structure as a serious point of attention. Eurostat notices recently an increasing demand for more coordination on this. Eurostat sees this as the right time for the launching of this initiative.

An ESSnet is the preferred organisational framework. Till now this proposal for an ESSnet was not included in the work program and the communication to the SPC.

Profiling, by a workshop on this topic defined as '*a method to analyse the legal, operational and accounting structure of an enterprise group at national and world level in order to establish the statistical units within that group and their links, and the most efficient structures for the collection of statistical data*', is considered as an important tool in:

- Obtaining consistency in observation and description over statistical domains, time and internationally
- Following actual developments as close as possible
- In collecting and presenting more relevant data through reference to economic instead of administrative business units

One of the main objectives of the EGR is to support compilers of statistics by providing access to an integrated and up-to-date delineation of multinational enterprise groups (MNEs) structures. The EGR could provide in the future the infrastructure for keeping information on the operational structure of MNEs and the structures for the collection of data. Highest priority will be given to ensure quality of the 500 largest MNEs. The outcome is profiles that can be used by compilers of statistics to coordinate collection of data and the production of statistics.

The methodology and recommendations developed in this project may also be used for profiling the complex domestic groups.

2. Objectives, outcomes and scope.

The main objectives of this project are to:

1. Define the problems, solutions and scope and establish the feasibility of profiling of large and complex MNEs with a presence in the EU, the statistical domains to be considered and the merits and costs for MNEs and statistical offices.
2. Develop a method for profiling these MNEs, based on experience in statistical offices
3. Test the method on a small number of these MNEs
4. Develop an implementation plan.

3. Approach, time table and resources

The first step was to request the BSDG strategic group in their meeting on the 4th of September their opinion. The next step is to discuss this proposal in the Working group on Business registers and statistical units at the end of September.

The EU heads of large and complex MNEs are concentrated in a few countries. The development would need to include the national statistical authorities of some of these countries and include those with experience of profiling.

The proposal is to start on a small scale in 2009 with working on objective 1 resulting in a decision on whether and how to proceed. It is expected that the project will last for 4 years. This project has a relationship with the MEETS action on 'Development of statistics based on enterprise groups'. Also the outcome of other actions like 'UNECE Working group on the impact of globalisation on national accounts' has to be taken into account.

The budget needed for the first step is estimated to 100,000 Euros in 2009.