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RECENT DEVELOPMENTS ON GLOBALISATION IN EUROSTAT

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1. Since last year, the activities in trade statistics related to globalisation have mainly focused on two topics: firstly, to promote Member States to create and improve links between trade and business registers and secondly, to conduct a survey in order to find out users' needs on intra-firm trade. Besides reporting status of these actions, the recent developments of other domains with close connection to the globalisation project, such as business registers and FATS, are discussed briefly.

2. Analysis of users' needs :

In spring 2003, a survey was carried out within the European Commission with an objective to collect information and identify the users' needs concerning intra-firm data and other indicators of globalisation. The questionnaire was sent to those units which were considered potential users of this kind of information. 17 out of the 29 contacted units, representing 9 Directorates-General, replied to the survey. Among these 17 respondents, 8 expressed their need for intra-firm data and only 2 found it crucial. As an additional question the most important breakdowns needed on intra-firm trade was asked. Trading partner country and nationality of ultimate beneficiary were regarded as the most important breakdowns, followed by product and main economic activity. The survey emphasised the fact that data on intra-firm trade is not needed on a monthly basis; instead the annual frequency was preferred. Also the data broken down by the most detailed product classification, CN at 8-digit level, was not seen relevant. As a conclusion of the survey it can be claimed that the fulfilment of users' needs does not necessarily require systematic data collection.

3. Collection of intra-firm data :

Regarding the data collection of transactions between two parties belonging to the same multinational enterprise group, i.e. intra-firm trade, Eurostat decided not to propose amendments to Intrastat legislation, which is currently under revision. This means that complete data collection by amending Intrastat documents or variables to be collected, is not a feasible option. The main reason for this is the inevitable extra burden on declarants. It is also noteworthy that systematically collected detailed data would go beyond the need of most users, as the aforementioned survey proved. Besides, recent developments in other statistical areas dealing with globalisation may provide other approaches to intra-firm data collection which could be as feasible as systematic data collection.

4. Development projects of other domains linked to globalisation:

Since systematic data collection is not at the moment a viable option to proceed, one has to carry out methodological evaluation on what kind of alternative data collection method could be exploited. A potential approach to proceed is to analyze the possibility to collect intra-firm trade in the frame of Foreign Affiliates Trade Statistics. Recently, Eurostat has been preparing a draft regulation in this area. FATS statistics, even though belonging to the framework of Structural

Business Statistics (SBS), have many common objectives and concepts with external trade statistics, especially regarding intra-firm trade.

5. However, there are several drawbacks why the current draft legislation does not provide an instant solution for the need of intra-firm trade. Firstly, concerning inward statistics on foreign affiliates, the variables which are the most significant from the viewpoint of external trade (exports, imports and respective intra-firm trade flows) have not been included in the list of compulsory variables. The collection of trade variables is to be tested later by launching pilot studies under a special programme. The methods and contents of these pilot studies, like additional breakdowns, e.g. trading partner and product level, are undecided at the moment. Secondly, concerning outward statistics on foreign affiliates, the draft legislation does not propose any systematic data collection at any level. A special programme for pilot studies is proposed.
6. Since Edicom II, the development program of external trade statistics, and FATS draft legislation are both aiming to make intra-firm trade statistics available, it is necessary to evaluate the feasibility of joint data collection methods. This requires examination of many methodological as well as legal issues. An essential condition for successful co-operation is a feasible link between statistical units in separate statistical systems, i.e. links between trade registers and business registers should be comprehensive.

Furthermore, links to business registers can offer even wider possibilities to measure the extent of trade globalisation. Business registers in several Member States contain already information on multinational enterprise groups, and in addition to that, Eurostat is preparing revision of the Business Register Regulation, which proposes recording of enterprise groups to be mandatory. The existence of enterprise group register, identifying comprehensively both inward and outward affiliates, is essential for the production of globalisation indicators with high quality and to support data collection.

7. Development projects of external trade domain:

Various pilot studies concerning development of trade registers, merging trade registers with business register or measuring the trade activity of multinational enterprises are currently either finished, in progress or to be launched in several Member States under Edicom II program. The main finding of the completed studies has been that the link between trade and business registers is feasible. However, the compilation of trade statistics with more global approach, such as trade of multinational enterprises and especially their internal trade, has been more problematic.

As a centralized action, Eurostat launched a pilot project aiming to produce the first combined presentation of external trade in the light of enterprise characteristics, based on common methodology and predefined tables. The objectives of the project were to evaluate the feasibility to link trade registers with business registers and the possibility to compile external trade statistics which are comparable with structural business statistics. Member States were asked to reconcile trade data according to:

- size of the enterprise according to number of employees
- economic activity of the enterprise (NACE rev1)
- economic activity crossed by products (NACE rev1 X CPA)
- concentration of trade

By the summer of 2003, 9 Member States had provided data to Eurostat. The first results showed that in most cases, links between trade and Business registers can be formed with very high matching rates. However, there are still areas where improvements are needed, especially in extra-EU trade, since the register of extra-traders is not available in every Member State. The results of the exercise will be published in a "Statistics in Focus" later in 2004. The pilot project will continue further by taking into account experiences and methodological comments of the first exercise.