



MNEs and economic statistics, experience and challenges in the Netherlands

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Cooperation, Coordination and Consistency



Three Key Principles of Statistics

But when it comes to Globalisation issues,
these 3 principles become even more important!

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But First: the Dutch Economy



Our Economy in a Nutshell

- A relative small, but very open economy
- Import and export of goods and services at the heart of our recent (and past) growth
- Positive Trade balance (not just for one year), high GDP per capita and GDP growth, but...

And of course home to many MNEs and various (parts of) foreign owned MNEs (including an 'impressive' number of SPEs)

Measuring our (ever changing) Economy

- Integrated Chain of Economic Statistics
- From Business register to National Accounts
- Traditional close cooperation with the Central Bank
- We introduced Chain Management

To make our processes efficient, but more importantly to keep up with the increasing pace of economic change

Challenges of Globalisation

- MNEs have a substantial impact on our economy
- The challenges of measuring their ever changing activities increases day by day
- Besides ‘real’ economic activities, we see also many related financial transactions and positions
- These activities can have multiple reasons
- But effect our economy constantly and substantially

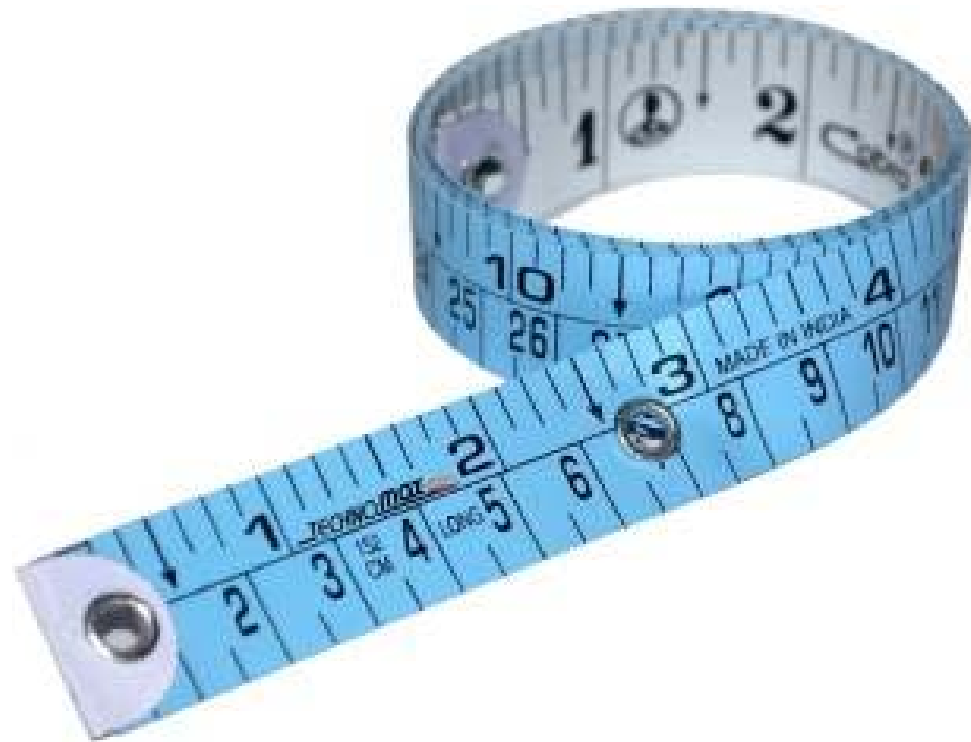


7.700.000.000.000 euro's



FAMOUS "DUTCH" BRANDS...

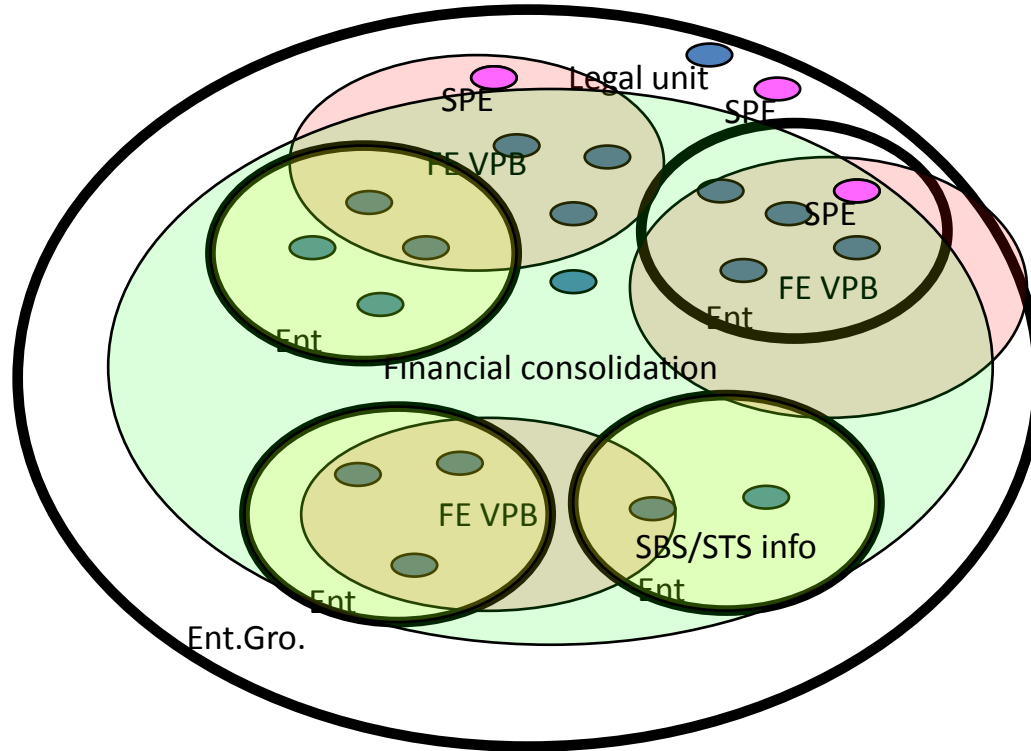




Our Large and Complex Cases Unit



(Financial) MNE Complexity





**A person with a clock knows the time,
A person with more clocks is never sure.**
Godfried Bomans (Dutch writer)

History I

- Problems in National Accounts; demand and supply tables did not fit (\pm 2004)
- Analysis showed that information from observation units was not consistent on enterprise (group) level
- Especially large enterprise groups disturbed the results

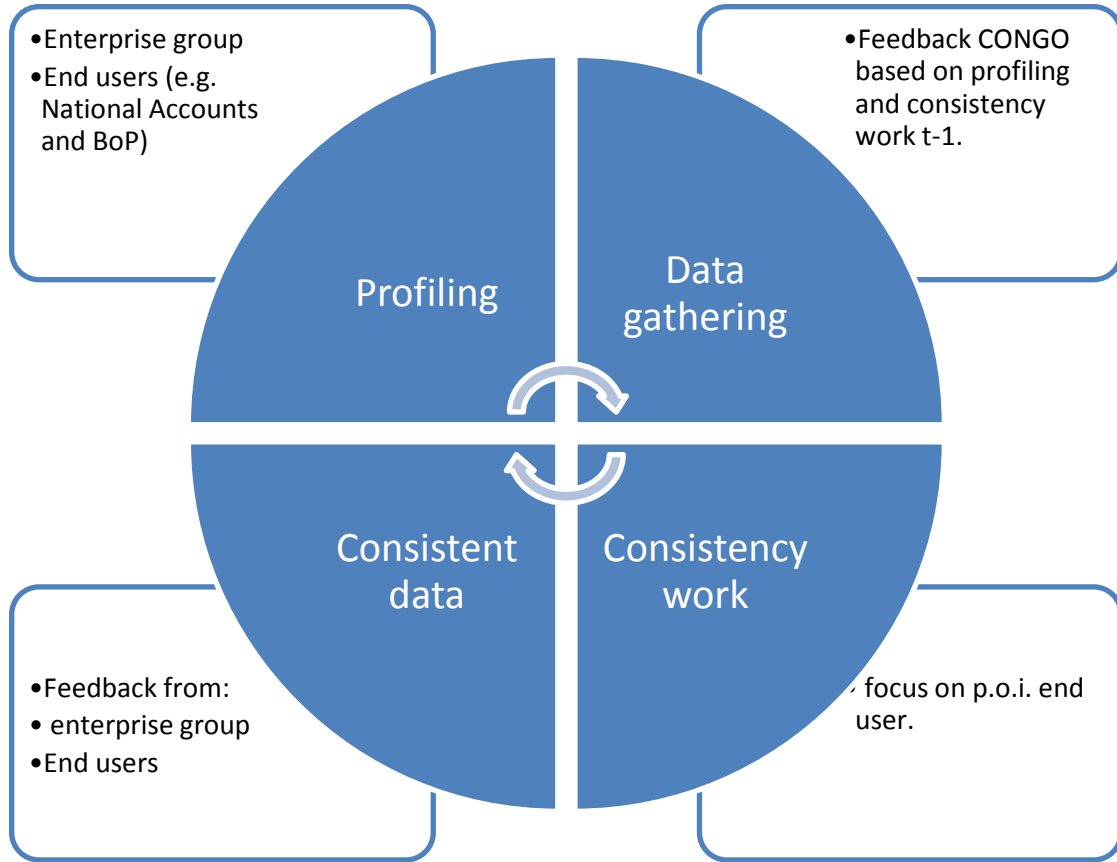
History II

- An LCU was established, as part of a complete redesign of our economic statistics (from the Business Register to National Accounts)
- Before, we piloted different set-ups:
 - Harmonised data collection for MNEs (all surveys in one survey)
 - Only consistency at NA level (but what about Business Statistics?)



4 cornerstones of our LCU





LCU size of population and staff I

- LCU population represents approx. 50% of GDP
- 360 Enterprise Groups; ± 2.000 Enterprises, ± 11.000 Legal Entities
- “Maintenance” procedures in place
- Not only large but also complex companies.

LCU size of staff

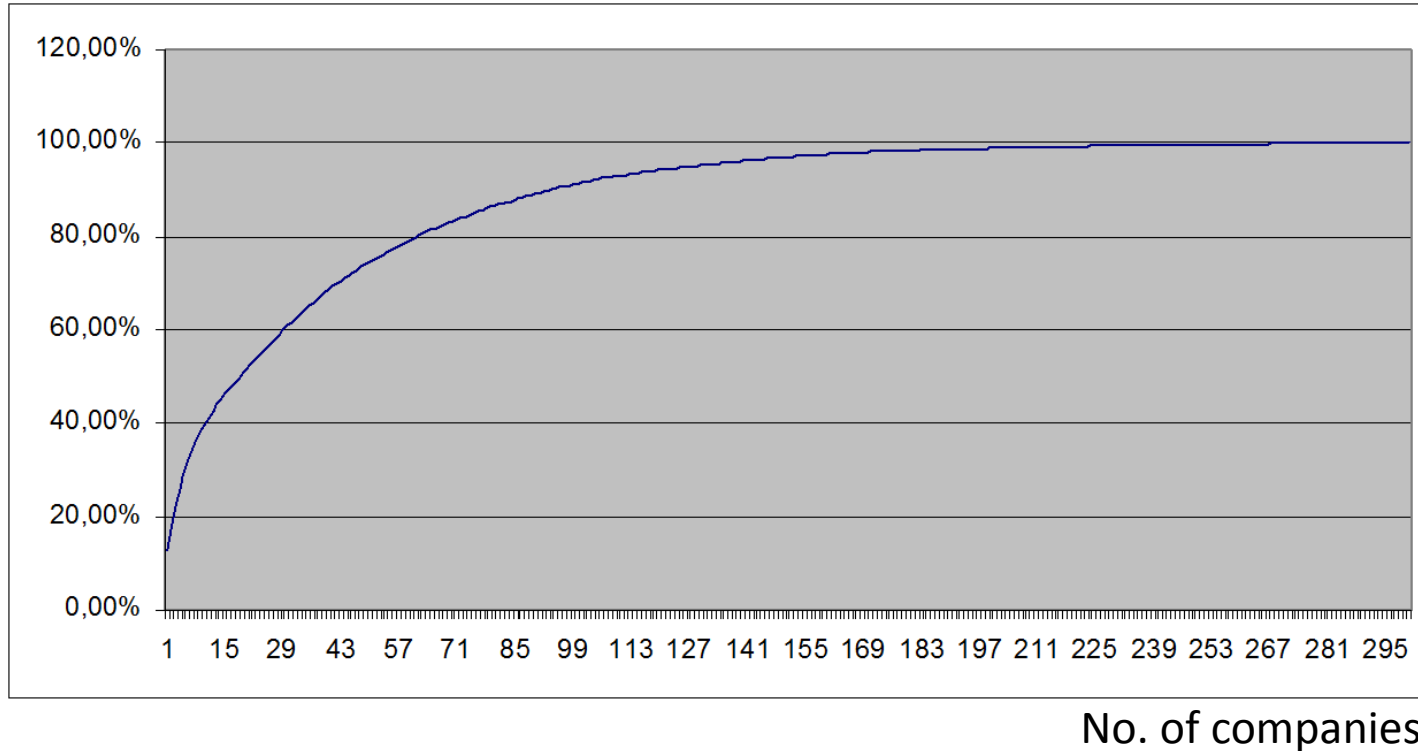
- Total staff 30 FTE;
 - 6 account managers; account management and consistency work (post graduates in accountancy/controlling)
 - 4 profilers; profiling and info sharing, preparation of data collection (bachelor level)
 - 6 data cleaners; SBS/STS/R&D/Prodcom
 - 7 data cleaners; Entreprisegroup Balance sheet statistics
 - 2 specialists ITG; referencing ITG VAT data to EG data
 - 2 IT specialists
 - 2 project managers
 - 1 annual reports analyst



Annual Production Cycle

- Every month/quarter: STS work
- 1st half of the year: profiling and preparation of data collection, visits to EG's based on T-1 problems
- 2nd half of the year: data cleaning and consistency work
- End of December delivery data t-1 to analysis departments in Business Statistics and National Accounts/BoP

Prioritisation of work: an inconsistency Index



Results of LCU consistency work, so far

- Consequences of good reporting structure (profiling) directly pay off in data quality
- Comparable variables can be crosschecked very well, even with slightly different definitions
- Arranging one central contact with the reporting unit works very well
- Small teams make ‘knowledge sharing’ on reporting units and across reporting units easier

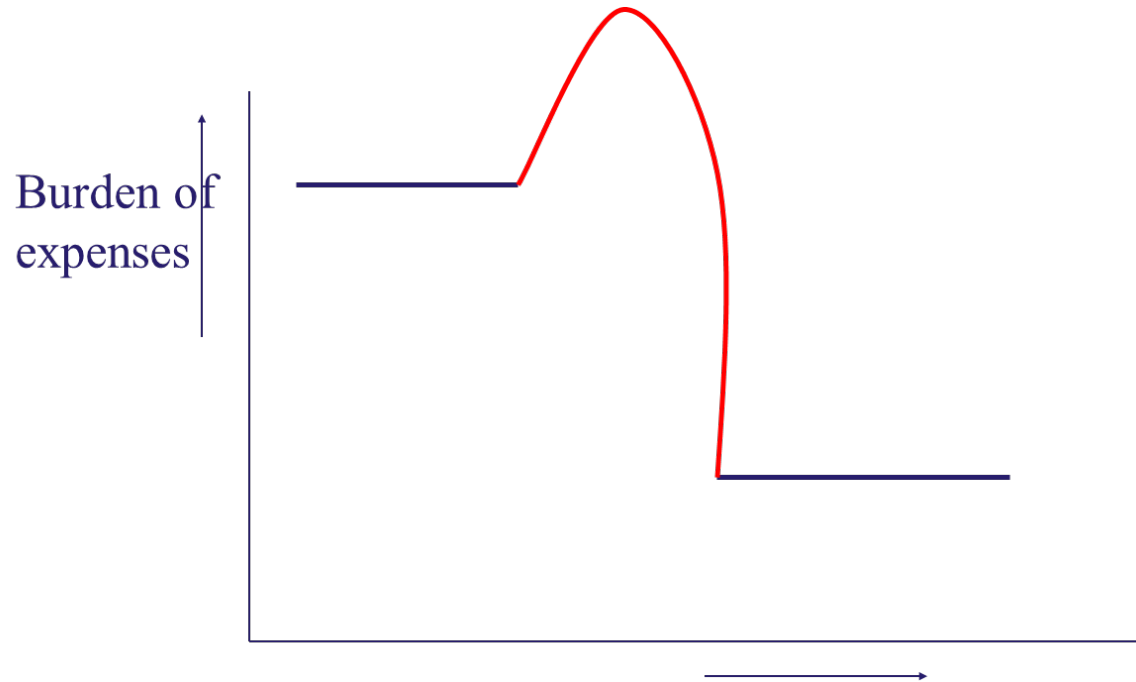


So, if you do not already have an LCU

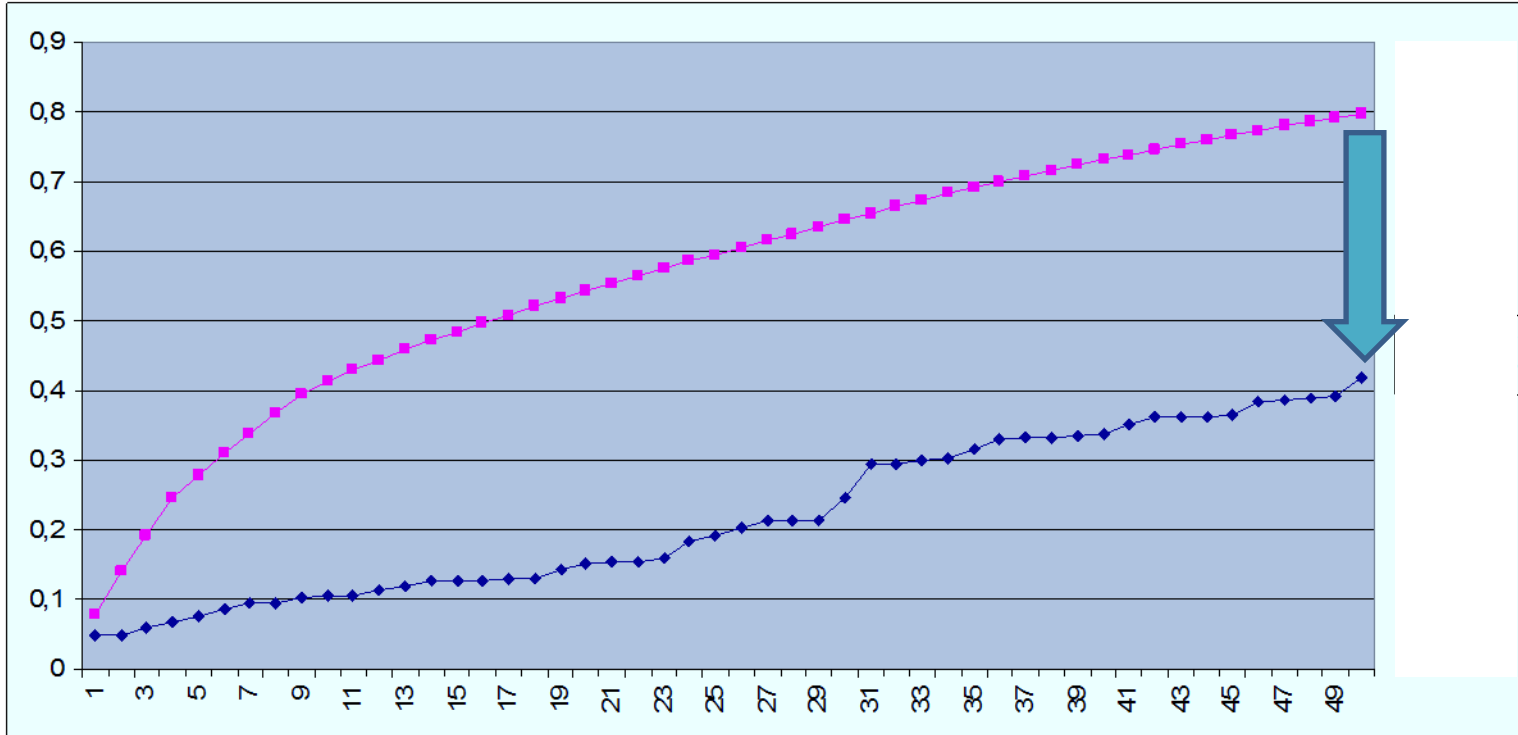
Start one!



OK it is not without costs,....



..., but it pays off, e.g. initial inconsistencies



And...



Intensified cooperation with our Central Bank



Why join efforts?

- Globalisation does not only affect GDP statistics
- But also business statistics, financial statistics, and all other parts of the national accounts, including the financial accounts and balance sheets.
- Balance of Payments/IIP impact should be the same as Rest of the World Accounts in NA...
- NSIs and NCBs often have complimentary data and knowledge.



Dutch circumstances

- We and our users noted:
 - Two statistics basically describing the same phenomenon
 - Methodological alignment since SNA 2008 and BPM6
 - But still persistent and substantial differences
- Confusing to users....and to be honest to us too...

So we went on a mission...

- Jointly
- To reach the holy grail of consistency, by:
 - Exploring
 - Learning on the way
 - Specialising
 - Helping each other
 - Wondering
 - etc



Our goal: full consistency between BOP and ROW account as integrated statistics, by:

- An integrated and joint DNB-CBS statistics chain
- Redistribution of responsibilities and tasks,
- Taking advantage of each other comparative advantages
- Aligning and redistributing surveys/data collection
- Aligning working methods, joint methodology,
- Production calendar, 1 Revision policy BoP/NA



But how did all this help us to improve our statistics with regards to globalisation effects?



Recent benchmark revision: BoP and NA

- To prepare we had many joint projects, e.g. for International Investment Position, CFIs, Holdings, head offices, specific groups of SPEs and more
- Learning by sharing and combining data and knowledge
- No wrong or right, but opportunities to both improve
- Lead to substantial revisions in the financial accounts, both for National Accounts as well as BoP/IIP



The 'new' relations of NL with the world

- We gained many new insights, based on our joint research on sources and methods
- We scrutinised the sector classification of units
- And we of course already knew that MNEs can have a substantial impact on e.g. GDP, but be aware:
 - The impact on the financial accounts and balance sheet can be even more substantial
 - E.g. a group of appr. 20 SPEs listed on a stock exchange, not millions, not billions but tens of billions on positions and unexpected impacts on primary income flows



Next Steps and our Dream(s)



A few future dreams and plans

- Expanding our consistency work at the LCU, including connecting with other LCUs + contributing to setting up a network of LCUs, working on a joint grant proposal
- New and combined data collection NFC (2019) and FC (2020), to suit needs of BoP/IIP and NA
- GNI pilot MNE and EWS, helping to create a path to towards structural international cooperation
- Data sharing (not unlimited but with company names)?
- More international focus on effects of globalisation on financial accounts ?
- And many many more...



KEEP
EDUCATING
YOURSELF

Cooperation, Coordination and Consistency 2.0

(for statistics in a globalised context)







Facts that matter