

## **TWINNING CONTRACT**

# **Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards**

## **Ukraine**



## **MISSION REPORT**

**on**


**Assessment on production statistics and PRODCOM**

**Component 1.5.1**

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## List of Abbreviations

ToR	Terms of Reference
SSSU	State Statistics Service of Ukraine
INE	Statistical Office of Spain

## **Executive Summary**

*If report-core text- exceeds 4 pages*

*Include information to Project Leaders and the RTA.*

*Main conclusions and highlights from findings.*

## 1. General comments

This mission report was prepared within the Twinning Project „Development of new statistical methodologies and indicators in selected areas of statistics in line with EU statistical standards”. It was the first mission to be devoted to Assessment on production statistics and PRODCOM within Component 1.5.1 of the project. The mission was aimed at defining a strategic plan forming the base of the further implementation of the project in this statistical area.

The concrete objectives of the mission were:

- *presentation of the objectives of the mission*
- *where necessary reference to other parts of the project / to other missions*
- *where necessary background information*

The consultants would like to express their thanks to all officials and individuals met for the kind support and valuable information which they received during the stay in Ukraine, and which highly facilitated their work.

The views and observations stated in this report are those of the consultant and do not necessarily correspond to the views of EU, SSSU or Statistics Denmark / Statistics Finland / Statistics Lithuania / Central Statistical Bureau of Latvia / Statistical Office of the Slovak Republic / INE / Statistics Sweden.

## 2. Assessment and results

According to the TOR the primary tasks of the mission were the following:

- Presentation of the PRODCOM nomenclature and its use in European statistics. SSSU will present the Ukrainian nomenclature and the production statistics.
- Presenting by experts the PRODCOM 2008 and European practice of application of PRODCOM in observations. Organizational issues concerning preparation and procedure of introduction of PRODCOM into statistical practice.

The TOR also lists some other more specific issues to be addressed by the experts during the mission.

- Getting familiarized with methodology of indicators by types of categories (S,T,V,I).
- Addressing the issue with regard to maintaining the long-term data series.
- Receiving the response to the current questions in terms of classification of certain products.
- Getting the experts familiarized with the current Product Range that is used in Ukraine to collect data on products and presenting the developments related to preparation of the Range based on CPA-2008 and the latest version of PRODCOM (principles of design; coding system; structure).
- Highlighting the certain problematic aspects caused by non-updating of the Product Range under the PRODCOM 2007 list.

The staff at SSSU presented the Ukrainian nomenclature of commodities, which is called the Nomenclature of Industrial Production (NPP). It is based on the CPA 2002 and also PRODCOM 2002 with some alterations introduced from PRODCOM 2005. The NPP nomenclature covers NACE sections C, D and E, and is thus broader than PRODCOM which covers commodities in NACE B and C.

The codebook for the NPP nomenclature, which was also presented and discussed at the meeting, includes four types of information; the classification codes, the explanatory text, the unit of measurement and a column which indicates which commodities are included in the monthly statistics and which are included in the yearly statistics. It has a hierarchical structure in the sense that it includes classification codes from the 2 digit level to the 9 digit level.

The nomenclature has two main purposes; it is used for the industrial production index and the national commodity statistics.

The production index is calculated on a monthly basis, and the main results are published [3 and 4 digit level](#). The monthly results include the Industrial Production Index and indices of nationally important commodities. It is a very fast indicator. The information is collected 4 days after the reference period, and after 15-17 days the information is published on the internet. After 27-28 days the index is published in a monthly paper publication. Altogether 2000 commodities at 6 digit level are surveyed for the index.

The Ukrainian commodity statistics is based on an annual survey covering ca. 4600 commodities. The annual survey includes the entire population of relevant enterprises, which amounts to approximately 60.000 local units. The enterprises are drawn from the register of legal entities. Individuals who purchase specific tax licenses are not included. The commodity statistics is used to produce national commodity data but is also used for the calculation of weights for the producer price indices.

During the presentation of the Ukrainian system, the experts were also shown a copy of the questionnaires (form 1P-NPP) for the annual commodity statistic. The questionnaire is not prefilled with classification codes, but it is completed as an e-questionnaire. Enterprises purchase a program to complete the questionnaire online and then send to the regional office. Approximately 10 per cent of enterprises report online. The information is collected at local level in order to ensure that a regional break down of data is possible. The local units report directly to the Statistics office. The questionnaire includes, amongst other, fields for supplying information on total production as well as sold production. There was also a field where subcontracted work could be included. The reason why enterprises don't respond to the questionnaire is recorded. The response rate is close to 100 per cent.

The experts gave a short presentation of the PRODCOM statistics in Lithuania and Denmark. Amongst other things they provided information about the delineation of the population for the statistics, the important link to the business register, and the choice of observation unit. The experts also informed about the use of the PRODCOM statistic in relation to other indicators, and shared their experiences regarding e-questionnaires. The question of publication dates and calendars was also discussed.

Regarding the second main task of the TOR, we interpret this as relating to the issue of the change from NACE Rev. 1.1. to NACE Rev.2. The EU countries have completed this transition in 2009 for most statistics and certainly PRODCOM and the Industrial Production Index. The PRODCOM 2008 is linked to NACE rev.2 and if the SSSU wishes to update and link their Industrial Commodity Nomenclature to PRODCOM tables newer than 2007, it is necessary to take this into account. The issue was briefly discussed on the first days of the mission.

Regarding the more specific issues rose by the SSSU, some of these were discussed and dealt with during this mission. The question regarding the use type of production S, V, T and I markings in the PRODCOM was discussed the experts suggested how to interpret these types of production. During the meeting it was also to provide explanation on General notes on survey characteristics, contract processing, treatment, maintenance and repairing, assembly work, coverage and other issues concerning PRODCOM survey.

The issue of securing long time data series was briefly discussed during the mission, but this is also an issue that will be taken up again in further detail on the second mission of this Component.

The experts were given a list of questions and issues on the classification of specific commodities (see annex). The experts were able to answer some but not all of these questions. If necessary these questions can be taken up at later stages of the component.

### 3. Conclusions and recommendations

The SSSU has an industrial commodities nomenclature which to all appearances links well with PRODCOM 2002 and CPA 2002. It is structured a little differently and contains some nationally specific classification codes, which is a practice used in many EU countries as well, and it is certainly not a hindrance to the adoption and linking to PRODCOM. What exists today is not a PRODCOM nomenclature but one based on PRODCOM and one from which data directly comparable to PRODCOM can be produced via conversions.

The main issue seems to be that the current Industrial Commodity Nomenclature is linked to an old PRODCOM classification and that a renewal of this would entail a reclassification of business units as well as the commodity codes in order to bring this in line with NACE Rev. 2 and the PRODCOM classifications from 2008 and onwards. A main issue here is that the Industrial Production Index is based on commodities and their classification in the existing nomenclature. This means that for a recalculation of the IIP it is necessary to recode commodities backwards in order to create a coherent time series. The introduction of PRODCOM 2008 in the national nomenclature is in progress, so the main task that remains to be addressed is how to reclassify and backcast data.

The next mission in this component will focus specifically on this process of reclassification and recalculation or backcasting of older data.

A related issue that also should be considered is the frequency of updating the national commodity classification. Eurostat's PRODCOM list is updated yearly, and if the SSSU wish to mirror that, procedures to update the national Ukrainian nomenclature must be described. In addition, should pay special attention to European documents translated to national language. It should be made linguistic and technical adjustment of all translated documents.

Tentative schedule for next missions

Mission 2 – end of March 2012

Mission 3 – study trip to Lithuania, end of May 2012 or beginning of June

Mission 4 – end of September 2012

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Action	Deadline	Responsible person

## **Annex 1. Terms of Reference**



## **Annex 2. Persons met**

### SSSU:

L. Ovdenko, Head of the Department of production statistics

I. Petrenko, Head of the Unit of mining industry and energy sector statistics

N. Postoluk, Deputy Head of the Unit of mining industry and energy sector statistics

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