TWINNING PROJECT

Support to Development Process in the State Statistics Service of Ukraine with the Objective to Enhance its Capacity and Production

Ukraine



REPORT ON THE STUDY VISIT

to the Central Statistical Bureau of Latvia

12-16 May 2015, Riga Latvia

**Setting up and identification of enterprise groups in the SBR and organisation of observation of these enterprise groups**

The study visit to the Central Statistical Bureau of Latvia was organised within the framework of the Twinning Project “Support to Development Process in the State Statistics Service of Ukraine with the Objective to Enhance its Capacity and Production” and took place in Riga on May 12-16, 2015. The study visit was carried out under the Component 9: Statistical Business Register.

Participants of the study visit:

Ms Alla Varnidis, Deputy Director, Department for Statistical Methodology, Director at the Department for Statistical Classifications, SSSU

Ms Olga Ponomarenko, Head of division, Department of Statistical Infrastructure, SSSU

Mr Anton Tovchenko, Head of Division of mathematic processing methods and analysis of statistical data, SSSU

Ms O.Kolpakova, Deputy Director, Department for Structural Statistics and Statistics of Business Finance, SSSU

The main purpose of the study visit was to get familiar with the experience and practices used to maintain business register, study methodology and sources of information on issues concerning identification of large and complex units/enterprises with established control relations; identify and construct of enterprise groups in the SBR and organization of observation of enterprise groups in the framework of FATS statistics.

The Latvian statistical business register was presented by Latvian experts to their Ukrainian colleagues. A question of its use for designing statistical survey sample and building relations between the units of the register was discussed.

Other issues discussed during the SV:

* Latvian experience in accounting enterprise groups and profiling enterprises.
* Statistical and administrative information used regarding linked/controlled legal units in the Latvian statistical business register;
* Identification and a set of indicators on enterprise groups in the statistical business register, information attributes on a team leader or team members, share of control / participation, etc.
* A brief overview of methodological documents on setting up the enterprise groups.
* Special cases of accounting government enterprises, controlled by the state;
* Recommendations on updating information on changes in the composition of the group, capital structure and the structure of control in the statistical business register;
* Application of new knowledge, gained during the study visit, on real cases (Latvian enterprise groups) to identify their profile according to statistical definitions.
* Peculiarities of structural survey of enterprises aiming at setting indicators, stipulated by the EU Regulations # 716/2007 as of 20.06.2007 and # 747/2008 as of 30.07.2008 (system of indicators, setting up the population of units, questions on the company’s belonging to a group of companies, etc.).
* Procedure for setting up the statistical indicators for foreign-controlled enterprises (especially for banks, insurance companies, for which data are obtained from administrative sources) to comply with the above mentioned EU regulations.

The focus of the study visit was on studying practical approaches to set up enterprise groups and discussion of enterprise groups examples, obtained when testing various procedures and algorithms.

In addition to getting familiar with the methodology and sources of information to identify control relations between enterprises in the statistical business register; building enterprise groups and their identification to construct enterprise groups statistics, Ukrainian statisticians also got familiar with the issues regarding the use of information from the enterprise groups statistical register.

An issue of compiling statistical indicators of foreign-controlled enterprises (hereinafter - FATS), stipulated by the EU regulation № 716/2007 as of 20.06.2007 and regulation № 747/2008 as of 30.07.2008, was considered during the study visit.

In the organizational structure of the Central Statistical Bureau of Latvia the activities on compilation of statistical indicators of Foreign-controlled enterprises (hereinafter - FATS), stipulated by the EU regulation № 716/2007 as of 20.06.2007 and regulation № 747/2008 as of 30.07.2008, are concentrated in the Unit of Structural statistics and business innovation statistics at Business Statistics Department.

The Latvian practice of methodological and practical aspects of compilation of FATS in accordance with EU legislation was presented. It was underlined that the main difficulties in FATS compilation lie in defining the population of foreign owned enterprises and clarifying information on the ultimate controlling unit at the end of the year for detalisation of statistical indicators by their geographical location. To compile and update the list of companies for FATS the following sources are used: information on enterprise groups from the statistical business register of the Central Statistical Bureau of Latvia; Eurogroup register, which is maintained by Eurostat; information on foreign direct investment; Internet. The list is prepared twice a year and approved by the Central Bank of Latvia.

Internal FATS statistics (FATS inward) is a part of the structural business statistics and includes resident enterprises belonging to the group of companies controlled by non-residents. Such enterprises are examined on a total basis. The Central Bank of Latvia and the Commission on Financial and capital markets, that provides the generalized administrative data on financial institutions using the list coordinated with the Central Bank of Latvia, are involved into the compilation of FATS inward indicators.

To compile the FATS outward the CSB of Latvia conducts its own annual survey of resident enterprises that are the ultimate controlling entities of subsidiaries and affiliates (branches) established in the territory of other countries. As part of this observation the following information on subsidiaries and affiliates is collected: the name of the entity and its identification number, country of location, degree of control, economic activity, the number of workers employed, turnover (in EUR).

FATS statistical data are generalised by main economic activity type and geographic location of control (controlled) enterprises and is distributed in 20 months after reporting year by transferring data to Eurostat, publication at CSB of Latvia database, and publication in a Statistical Yearbook of Latvia.

As a result of the study visit SSSU specialists got familiar with the development, implementation and use of modern standards and practices in the statistical businesses register; aquired experience which will allow to further improve the national statistical activity and established communication with the experts from the CSO of Latvia.

All study visit travel expenses were covered by the EU Twinning Project "Support to Development Process in the State Statistics Service of Ukraine with the Objective to Enhance its Capacity and Production"

Overall, the study visit was organized on a high level. The knowledge acquired by the SSSU will be applied to further implementation of FATS into Ukrainian statistical activities based on the groups of enterprises identified in the statistical business register.