

Friends of the Chair Group on Economic Statistics

TERMS OF REFERENCE Project team on multinational enterprises

Background

The Friends of the Chair Group on Economic Statistics (FOC Group) has recognised the need for statistical groups to work more collaboratively by applying a network approach that brings together multidisciplinary project teams to address specific methodological and institutional challenges. These challenges should mobilize the power of networking among the statistical groups functioning under UN and non-UN organisations and across the economic, social and environmental spheres. It is expected that a network approach will lead to new working methods and innovative methodological and institutional solutions through shared communication, priorities, membership and user consultation. This approach should also lead to more effective coordination and alignment between statistical groups without adding any additional governance groups or hierarchies.

The FOC Group aims to address these challenges through the better use of technology for communicating; more iterative approach to producing outputs; opening membership [of statistical groups to a wider array of institutions; incorporating a capacity building perspective into the work of statistical groups; and finding new ways of balancing challenges of continuity with innovation. The network would also serve a function in sharing best practices and results from experimentation between groups.

Ultimately, the project teams should demonstrate new working methods that make the system of economic statistics responsive to fast-changing user demand, enhance synergies between the groups, and avoid duplication of work.

Purpose

The project team on multinational enterprises will focus on advancing the measurement of the global production arrangements of MNEs.

Economic globalization has created new opportunities for businesses to organize their production chains more efficiently. This has increased the complexity of compiling economic statistics as it is more difficult to break down production activities on country-by-country basis. As a result, the measurement of key economic indicators, including gross domestic product, has been affected. Emerging global production arrangements pose challenges to business and macro-economic statistics, business registers and economic classifications. These challenges include implementation of the principle of economic ownership and the recording of cross-border transactions in goods and services in compiling national accounts and balance of payments statistics.

Solutions will cover the descriptions of the typologies, statistical units, classification of economic activity and services, domestic and international transactions and their valuations, price and volume indexes, jobs and skills, etc. In addition to these conceptual issues, the work should

address the data sources and statistical and institutional infrastructure that needs to be put in place to support the measurement of the national and global operations of MNEs.

Approach

This work will be initiated through the creation of a network of Chairs on economic statistics from existing statistical groups covering macroeconomic accounts, business and trade statistics, classifications and price statistics. Joining the network would be voluntary and inclusive. Activities of the network would focus on designated outputs and outcomes with specified time frames.

Deliverables / Time Schedule

The project will be responsible for developing **formal guidance notes** on the modifications in conceptual framework and the data collection required to account for the global production arrangements of MNEs building on ongoing research undertaken by other statistical groups. For instance, the work on national accounts and international trade. Examples, the reconciling of IMTS statistics with the imports and exports required in national accounts and balance of payment involves several steps for inward and outward processing, merchanting and factory-less goods production, each with its own conceptual and data requirements. Depending on circumstances in individual countries, these data may not be readily available and adjustments in data collection are recommended.

The guidance notes would outline the issues being addressed, summarize existing research/country practices, consider various options, develop a consensus recommendation and a road map for addressing the research issues of globalisation for the future update of the system of economic statistics.

In addition, the team members will be asked to report on the successes and challenges of the network approach and on the innovative working methods and agile solutions used inside the network.

- A status update report will be submitted for the fourth meeting of the Friends of the Chair group on economic statistics in **October/November 2020**
- The final guidance note should be ready for the final report of the Friends of the Chair group on economic statistics to be submitted for the Fifty-Second Session of the Statistical Commission in **March 2021**.
- A report providing an assessment of the network approach and of the working arrangements used for the team project will be prepared for the final report of the Friends of the Chair group on economic statistics to be submitted for the Fifty-Second Session of the Statistical Commission in **March 2021**.

Communications and reporting

The Project team on MNEs will report directly to the Chair of the FOC Group on Economic Statistics.

Membership

NSOs/CBs/International organisation

SNA research agenda subgroup on globalization (representatives from NSIs, CB, IOs, academia, BOPCOM)

Representatives from business and trade statistics, classifications and price statistics

Name	Title	Organisation

External (from academia, research institutes)

Name	Title		Company	Location

Chair, secretariat and meetings

The Chair of the project team will be **XXX** and the secretariat will be provided by UNSD. The Group is expected to be arranged as required.