

Second meeting of Friends of the chair group on Economic Statistics

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Session 6 Potential improvements to the system of economic statistics? (the 'how')

Submission from Statistics Denmark on Ideas for improving and scaling in-country and multi-country collaboration on statistical infrastructure

- As concerns in-country collaboration, SD has legal right of access to all public administrative registers useful for producing statistics in our work programme. This right is observed in practice and registers generally record unique identifiers for citizens, enterprises and dwellings, allowing for full data integration. Hence, the scope for producing statistics based on register data is constrained mostly by the information that is in the registers. This constraint is generally tighter for enterprise data where much information, including e.g. companies' production arrangements, is still collected through surveys. While in law SD is to be heard on the setting-up and changing of public registers, this is not always respected and the views of SD are sometimes ignored.
- Danish administrative law at the same time grants access to SD's microdata to statistics producers elsewhere in the central government. In practice, however, statistics production is fairly centralized in SD.
- SD has a restrictive mandate to directly collect compulsory information from enterprises, with the areas in which this can be done without a political decision set out in great detail in the law on statistics. This is a significant constraint on producing statistics on new phenomena.
- In this environment, the Danish central bank and SD have built up a particularly close collaboration, with SD in some cases receiving data from the central bank, collected on the basis of the latter's mandate. Conversely, the central bank uses SD's Statistical Business Register (SBR) for their surveys and is responsible for activity coding of enterprises in the financial sector in the SBR. Also, it is being considered whether and how the central bank could be involved in the so-called 'Large Cases Unit' (LCU) work process to ensure cross-domain consistency in the data about the biggest MNEs.
- Much discussion has taken place on the potential role of SD in wider data-sharing within the public sector, including for administrative use. In this regard, a question may be raised about the application of the statistical confidentiality principle to information held by SD which has originally been collected for administrative purposes.
- As concerns multi-country collaboration, the ESS is setting up an integrated system for collection and exchange of data on intra-EU goods trade. This will allow a significant reduction of response burdens to the extent collection of data on imports can be reduced significantly or even discontinued and trade statistics based on exchange of exports data. Analysis suggests that the new system should have no negative effects on accuracy. The implications for robustness of the data collection to disturbances or events like Brexit remain to be seen. In theory, the principles behind the new system are applicable on a wider scale though in practice legal and other barriers may prevail.
- Denmark has experienced rapid globalization which in conjunction with the application of the ownership principle to BoP statistics and National Accounts has boosted the importance of enterprises' activities abroad through processing and merchanting. It is difficult to cover these

activities by preliminary versions of these statistics, which tend to be driven by data on domestic activities, with the end-result of substantial revisions to statistics when information comes available on enterprises' activities abroad. Whether international data exchange could to some extent remedy this problem is a question. In any case, there seems to be ample scope for international inconsistencies in this area.

- Some actions have recently been taken, that could enhance international consistency. In the context of the EU statistical system a number of additional initiatives were taken over the last three years, which involves the sharing of confidential data – mainly about major cross-border restructurings of MNEs and movements of IPPs. This is done in the so-called 'ESS early warning system'. Within this range of activities is also the so-called MNE/GNI pilot project and the cross-border cooperation between national LCUs. At the heart of these activities are the so-called Euro Groups Register (EGR), which is maintained with data from the EU Member States' statistical business registers. At the level of national business registers, the information exchange on enterprise restructuring will help to keep enterprise registers up to date. Such exchange could obviously be broadened across countries and might be facilitated through general application of unique legal entity identifiers.
- Among the five Nordic countries the so-called Micro Data Linking (MDL) working method has been gradually developed in recent years. Due to the fact that the five countries' statistical systems are rather similar and largely based on administrative registers, the MDL method implies that identically structured datasets with a wide range of economic and business statistics variables are established in each country. Analysis can then be conducted on these datasets via centrally developed code meaning that results for the Nordic region as a whole can be achieved without micro data being moved across borders. The method has been used extensively for analysis of how economic globalization has affected the Nordic economies – to some extent financed by the Nordic Council of Ministers.