Relations and transactions between enterprises

Paper by Martin Luppes, presented by Oscar Lemmers
Structure of this presentation

– Motivation – why enterprises
– Part of a wish list
– Available in European Statistical System (ESS)
– Conclusion and suggestions
Measuring trade and economic globalisation

Trade between the two countries?

Almost zero. Countries do not trade, enterprises do.
Understanding multinationals is necessary.

Policy makers write the scripts.

Multinationals are the actors that have their own interpretation.

They influence:
- Employment standards
- Environmental standards
- Much more

in their own enterprise and in others.
Part of a wish list

– Owner structures
– Governance structures in value chain
– Financial transactions between enterprises

Who controls whom, officially and non-officially?

Who pays whom?
Opening up a multinational - a black box
Which might be a box of Pandora...

- Transfer pricing
- Intellectual property pricing
- Other profit maximizing

“We are all doomed”
Global production and governance

Transactions: specific exchanges based on these relations
Mostly deliveries of goods, services and their reimbursements

Relations: general connections between enterprises, institutions and persons
Available?

Owner structures: progress due to European Group Register

Other relations?

Transactions?

Start by considering the European Statistical System
Available in European Statistical System?

**Approach:**
– Start with Eurostat Micro Data Linking project
– Add some other sources
– Create gross list of relations and transactions
– Order

**Results:**
- Almost 1900 variables
- About 1/3 related to relations
- Most information, by far in GVC survey (not mandatory)
- Some information in CIS, R&D, SBS (mandatory)
### Available (I): nature and direction of relation

<table>
<thead>
<tr>
<th>Nature of relation</th>
<th>Direction of flows</th>
<th>In</th>
<th>In/out</th>
<th>Out</th>
<th>Non-coded</th>
<th>Total</th>
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</table>

Other possible relations: e.g. communication, governance
Available (II): entities involved in relations

Other receiving or sending party is often known

<table>
<thead>
<tr>
<th>Entity</th>
<th>Source</th>
<th>Innovation (CIS)</th>
<th>ICT</th>
<th>R&amp;D</th>
<th>Std. Business Statistics</th>
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</tbody>
</table>

Other possible entities: e.g. competitors, consultants, education/research
Conclusion: still much to wish for

– Owner structures – progress
– Other governance/control – not yet available
– Transactions – on aggregate level, not individual

What to do?
Possible directions

Use Big Data
- Cooperation between Statistical Institutes and National Banks – transactions between enterprises
- Use VAT data to pinpoint foreign partners of traders

Necessary data exchange is yet limited and restricted

Adapting surveys or making new ones
- Add questions about top suppliers/buyers
- New GVC survey is a good start
Thank you for your attention!

Questions, comments, suggestions?

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