

Riga Memorandum

Towards better measurement of the globalised economy

As adopted by the ESSC on 26th September 2014

Considering

- that the construction of the European Union and the increasing interdependence of world markets are changing the structure of European economies;
- that the implications of economic globalisation for policy are far reaching
- that under the umbrella of the [MEETS programme \(2009-2013\)](#), the European Statistical System has analysed and proposed some possible steps towards an enhanced, more standardised measurement framework of European business and trade statistics, while also addressing national user needs;
- that the 2013 [Sturgeon Report on Global Value Chains and Economic Globalisation](#) and the 2013 OECD report on interconnectedness of economies reveal data gaps that could be addressed by the European Statistical System in order to provide insight on the origins and destinations of the inputs and outputs to economic production, the composition and sourcing of the business functions and the structure of the production chains;
- the important role of information and communication technologies in increasing the complexity of global value chains;
- that the main enhancements in terms of availability of new statistical information are related to the measurement of trade in value added; income and employment generated from intermediate production in global value chains; intra-firm trade; foreign ownership and non-equity based business to business relationships; manufacturing services; transfers of intellectual property products; and to the short-term measurement of output and production in the sectors of trade and services, all in a National Accounts framework;
- that well-designed and cost-effective improvements with regard to the delineation of the statistical unit 'enterprise' and new classification frameworks (such as business functions) can actively contribute to a broader and more in-depth understanding of economic globalisation phenomena;
- that the ESSC came to an agreement on the ESS Vision 2020 as the guiding frame for the European Statistical System development during the years up to 2020;
- that burden reduction on business and statistical producers in Member States are key overall considerations for the European Statistical System.

The DGINS, in line with the current five year ESS statistical programme and the Vision 2020

- confirm the need for business statistics to be regularly kept under review, bearing in mind comparability of results in order to align them with the evolution of businesses organisation and their internationalisation pattern, thus staying relevant and to continuing to provide meaningful statistical information; investigating the cost-effectiveness and practicalities of the integration of international trade and business statistics is considered a promising way forward;
- underline the importance of enhancing the coverage of statistics on the services sector;
- emphasise the need to coordinate efforts with related international initiatives such as under the umbrellas of the UN and OECD. The relevant conclusions of, and the research approved by the governing bodies of such organisations, should particularly be taken into account;
- underline the necessity of using adequate statistical units that need to be feasible, cost-effective and fit for purpose, for instance through profiling to enable appropriate measurement and coherence between different statistical domains and emphasise the fact that comprehensive, up-to-date and interoperable statistical business registers serve as a potential backbone for integrated business statistics;
- promote further the implementation of a unique identifier for European legal units relevant for statistical purposes, thus enabling the ESS to fully exploit efficiency gains through data linking and the integration of business and international trade statistics subject to statistical legislation;
- acknowledge that better understanding of the structure of enterprise groups and the change over time is necessary for the quality of business statistics. The access of NSIs to micro-data on individual enterprises from different statistical domains is essential in this respect. Enhanced cross-country collaboration and the exchange of enterprise micro-data in certain specific cases like the EuroGroups Register and data on international transactions, while strictly respecting the principles of statistical confidentiality, subsidiarity and proportionality might offer potential to improve the measurement of globalisation activities;
- emphasise that any exchanges of micro-data are conditional on adequate data protection so as to preserve the confidence of data providers and hence the quality of statistics. Exchanges also need to be cost-effective, from a quantitative and qualitative perspective, and should explicitly consider aspects of quality as well as burden on businesses and on NSIs when compared with alternative approaches;

- call upon the ESS partners to investigate with all stakeholders when and how far the principle of passive confidentiality can be adapted to optimise the use and analytical value of the data collected subject to statistical legislation;
- emphasize that an integrated, coherent and comprehensible system of European business statistics is currently being developed by the European Statistical System which would then be provided by a Framework Regulation Integrating Business Statistics;
- acknowledge that the framework for measuring economic globalisation should be built from:
 - i. the regular production of consistent and harmonised primary statistics on international transactions and structural business statistics;
 - ii. the EuroGroups Register as a backbone for globalised business statistics;
 - iii. the efficient re-use of existing information through data integration methodologies, yielding valuable insight on international sourcing and international trade by enterprise characteristics, but also taking into account cost-effectiveness, feasibility of data linking and burden on NSIs;
 - iv. the measurement of trade in value added based on the exploitation of world input-output tables should be improved in order to increase the accuracy of these estimates. Improved reliability is necessary to create additional insights into the economic and social characteristics of global value chains;
 - v. the joint use of classifications throughout business and international transaction statistics accompanied by the modernisation of classifications towards services and new initiatives, like the definition of Business Functions.