



Group of Experts on National Accounts 2024

LCUs in EU and EFTA countries
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Introduction

- At the European Statistical System (ESS) level, the topic of globalisation was addressed during the 2019 DGINS Bratislava conference: a more systematic and coordinated approach in relation to the measurement of economic globalisation, in particular multinational enterprise groups had to be taken
- During past years, the ESS has largely contributed to the development of several statistical activities related to MNE groups' structures, such as:
 - Large Cases Units (LCUs),
 - EuroGroups Register (EGR),
 - Early Warning System (EWS)
 - European Profiling supported by the Interactive Profiling Tool (IPT)

Large Cases Units (LCUs)

- **Large Cases Units are units in the National Statistical Institutes (NSIs) that ensure the quality of the reported data of large multinational enterprise groups carrying out global operations in their country**
- The largest MNE groups often operate as global corporations for which national borders only play a secondary role. This represents a great challenge for the national accounts system, which is mandated to provide an accurate picture of the national economy. This is where the Large Cases Unit can make a valuable contribution with its holistic approach.
- **LCU compares the individual data of multinational enterprise groups with data from business statistics, tax statistics and information from other sources, such as MNE groups reports.** In fact, the LCU checks whether business activities have been correctly represented in the national accounts and the balance of payments statistics according to the principle of economic ownership

Key activities of an LCU

1. Relations with the largest MNE groups:

- to obtain the 'right' information on transactions related to global production according to statistical principles.
- maintaining regular communication with the top MNE groups for establishing good working relationships.
- qualified and skilled staff in the NSI, with the ability to translate the information from business accounting documents (financial statements, annual reports)

2. Early warning system (EWS) activities:

- a structured, light (non-legislative) procedure based on voluntary cooperation between national data compilers and Eurostat.
- its main objective is to facilitate an early exchange of information on emerging globalisation issues across directly concerned EU Member States.

Key activities of an LCU

Early warning system (EWS) activities:

- One of the most critical obstacles to identify viable solutions to treat the identified inconsistencies is the challenge for the LCU to receive relevant information from the concerned MNE groups
- **having a strong profiling experience and a team is necessary but institutional support is also necessary for the success of the operation.** The profiling results should then be corrected/reintegrated into the national strategic business reporting and the EuroGroups register.
- currently, 3 EWS cases are open:
 - i. EWS case Nr. 18 on Cloud computing:**
 - ii. EWS case Nr. 22 on a merger of an MNE Group:**
 - iii. EWS case Nr. 23 related to a bankruptcy of property and retail giant**

Key activities of an LCU

3. Data collection: in some countries, the LCU is in charge of data collection on largest MNE groups

4. Performing consistency checks: a robust legal basis allowing for the linking of individual data or the sharing of findings with other national and international statistical offices is extremely important in this context:

- **the European statistics Regulation (EC) No 223/2009** states that sharing of confidential data may take place when it is necessary, and that the national legislation cannot prevent confidential data exchange required by an EU legal act

- **the European Business Statistics (EBS) Regulation 2019/2152** also describes sharing of confidential data with reference to the ESS, as well as of accessing the administrative sources relevant for producing European Business Statistics.

Key activities of an LCU

5. Profiling: the delineation and classification of statistical units, special entities and of the main business sectors of MNE groups operating on a national territory is key to preparing consistency checks.

LCU and European profiling activities work effectively together. As a result, in 2023 more than 15% of the 600 MNE groups in the LCU top watching list were also part of the European profiling program set up by Eurostat.

6. Other tasks: Each European LCU has a kind of tailor-made list of activities and responsibilities adjusted to their national statistical system

Key activities of an LCU – 2024 LCU Survey

- **MNE's group data collection and processing (11 countries):**

EL, SI, IE, PT, RO, FR, LU, FI, BE, ES, DK

- **Data consistency checks (15 countries):**

LT, SI, IE, SE, NO, AT, RO, FR, LU, FI, BE, PL, ES, DE, DK

- **Profiling (15 countries):**

EL, LT, LV, SI, IE, SE, PT, EE, RO, FR, LU, FI, BE, ES, DK

- **Direct contact with MNE groups (12 countries):**

EL, SI, IE, SE, NO, AT, RO, FI, BE, ES, DE, DK

	MNE group's data collection and processing	Data consistency checks	Profiling	Direct contact with MNE groups
Greece	x		x	x
Lithuania		x	x	
Latvia			x	
Slovenia	x	x	x	x
Ireland	x	x	x	x
Sweden		x	x	x
Italy				
Norway		x		x
Portugal	x		x	
Austria		x		x
Estonia			x	
Romania	x	x	x	x
France	x	x	x	
Luxembourg	x	x	x	
Finland	x	x	x	x
Belgium	x	x	x	x
Poland		x		
Spain	x	x	x	x
Liechtenstein				
Germany		x		x
Denmark	x	x	x	x
TOTAL	11	15	15	12

2024 LCU Survey

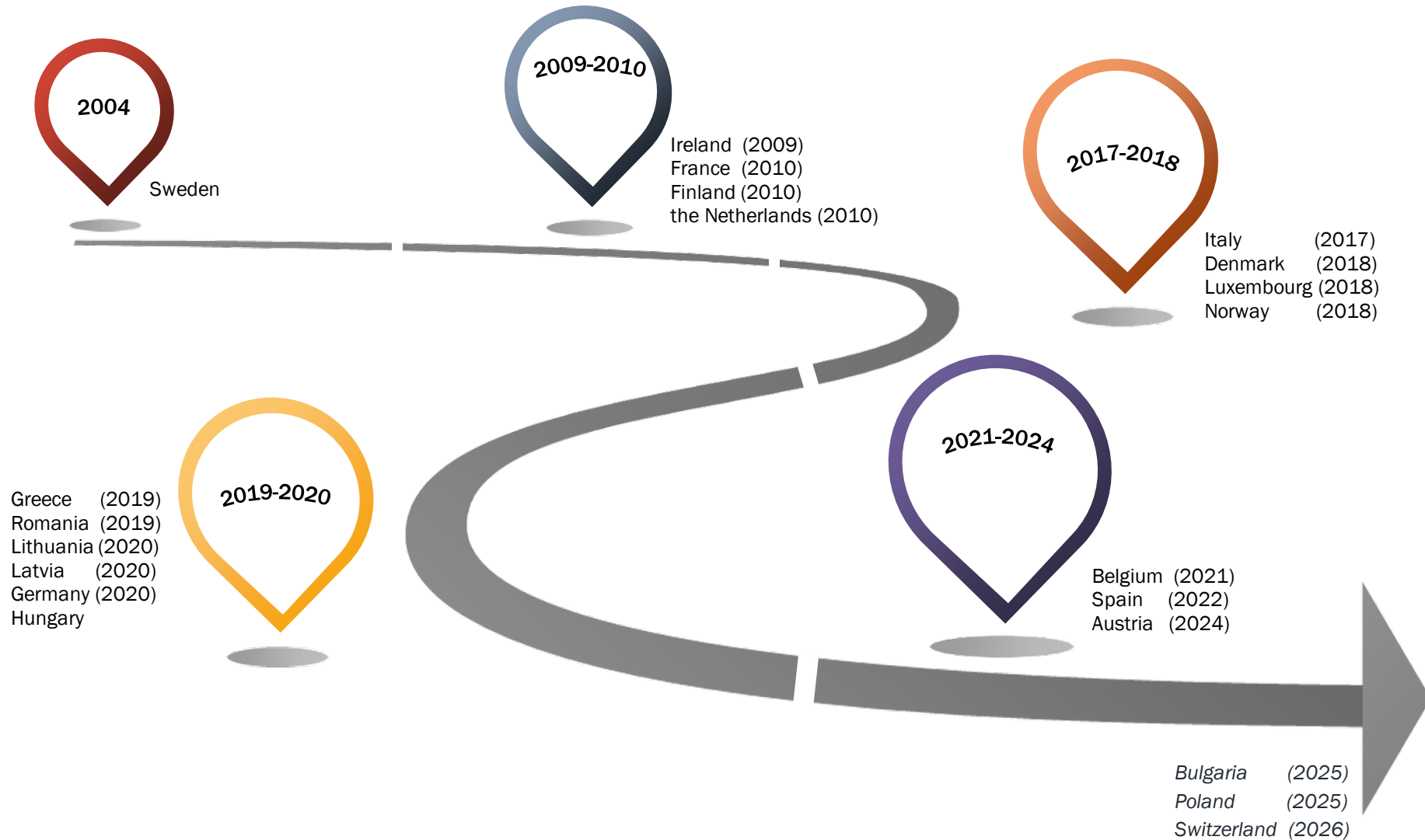
The LCU Survey provides interesting information for twenty-seven EU countries and four EFTA countries on when the LCU was established in EU and EFTA countries:

- 2004: SE
- 2009: IE
- 2010: FR, FI, NL
- 2017-2018: IT, DK, LU, NO

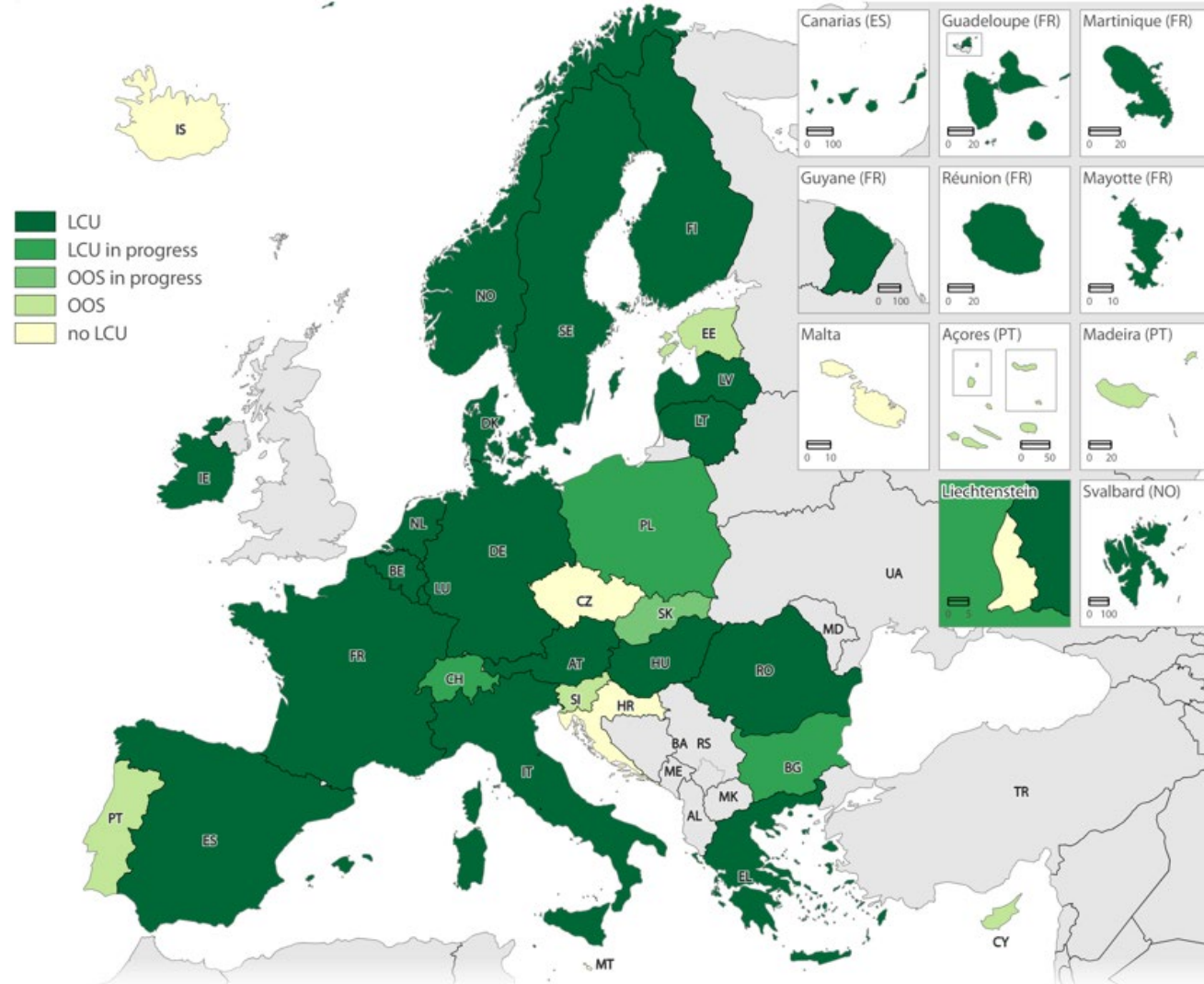
As of March 2024:

- 18 countries: LCU is implemented in the NSI's structure
- 4 countries: a similar organisational structure is implemented
- 5 countries: no LCUs or similar organisational structure
- 4 countries: in the process of creating an LCU or a similar organisational structure

Overview of LCUs or OOS in EU and EFTA



Overview of LCUs or OOS in EU and EFTA countries



2024 LCU Survey

	Country	Number of MNE Groups treated in LCU or OOS		Country	Number of MNE Groups treated in LCU or OOS
1.	Hungary	30	11.	Estonia	6
2.	Greece	30	12.	Romania	20
3.	Lithuania	33	13.	France	100
4.	Latvia	50	14.	Luxembourg	7
5.	Slovenia	54	15.	Finland	15
6.	Ireland	35	16.	Belgium	13
7.	Sweden	50	17.	Spain	20
8.	Italy	250	18.	Germany	100
9.	Portugal	3	19.	Netherlands	360
10.	Austria	23	20.	Denmark	31
				TOTAL	959

2024 LCU Survey

- **Nine countries** plan to increase the number of MNE Groups treated in their LCU in the coming years:

DE, ES, SI, PL, LT, AT, FR, BE, LU

- **Six countries** would like to increase the number of staff members of their national LCUs
- Eurostat compared data for countries, which provided the information for both the Number of MNE Groups and the FTE persons working in LCUs
- **On average, 1 FTE person was responsible for about 6 MNE Groups**

2024 LCU Survey

- Several EU countries confirmed that they were working on their national tailor-made IT tools to support the consistency checks of the LCUs.
- **The 2024 LCU Survey confirmed that 13 countries were using already a specific IT tools to carry out the consistency checks**
- **7 countries stated that they either already started or were planning to develop a tailor-made IT tool enabling to run the consistency checks in an automatized way**
- Even though many commonalities between EU and EFTA countries could be detected, it can be concluded that each country had specificities related to data sources and production systems in place and therefore **development of a common “harmonised” IT tool cannot be envisaged at the EU level.** However, the EU and EFTA countries agreed to search for solutions to common issues in a joint effort as well as to share best practices to overlapping issues.

2024 LCU Survey

	<u>Specific IT tool in place</u>		<u>Plan to develop a specific IT tool</u>
1.	Hungary	1.	Greece
2.	Lithuania	2.	Switzerland
3.	Ireland	3.	Italy
4.	Sweden	4.	France
5.	Norway	5.	Poland
6.	Austria	6.	Spain
7.	Romania	7.	Liechtenstein
8.	Luxembourg		
9.	Belgium		
10.	Finland		
11.	Germany		
12.	Denmark		
13.	the Netherlands		

2024 LCU Survey

- **Fourteen countries** stated that they cooperated with **the national central bank:**

HU, EL, LT, CH, SI, IT, PT, AT, RO, LU, ES, DE, DK, NL

- **Eleven countries** confirmed that they cooperated with **the national tax authorities:**

HU, EL, LT, SI, LV, IE, NO, FR, FI, ES, DK

Top-tier MNE Groups

- **are large and significant, their reporting can have considerable impact on aggregate results such as the gross domestic product**
- should be regularly checked and followed up allowing higher and assured quality, with a higher frequency
- **Eurostat, in cooperation with EU and EFTA countries, developed a method – the Complex and Statistical Impact index (CSI index) – that enables to identify the relevant cases that classify for the top-tier list of MNE Groups**
- **Using the CSI index, 1,669 MNE groups in EU and EFTA countries were selected for the reference year 2021, corresponding to 1% on the total MNE groups population in the EuroGroups register and accounting for more than 50% employment of MNE groups in Europe, i.e., around 24,5 million employees**

Top-tier MNE Groups

- **As the results of the LCU Survey show, the current capacity of the LCUs in EU and EFTA countries reach 959 MNE Groups that can be closely followed**
- **Eurostat is currently looking into possibilities how to use the existing synergies and how efficiently combine the existing different lists of large MNE groups:**
 - those treated by national LCUs,
 - under the European Profiling programme,
 - MNE groups triggered by the EWS system, or
 - selected by the CSI index for the top-tier list

The European network of MNE groups coordinators – MNEnet

- a network where MNE-related methodology, experiences and knowledge of people working in the LCUs or similar organisational structure
- **It was established in 2021 and has been active since then.** The first meeting of the MNEnet coordinators took place in April 2021, the last one – 6th meeting – took place on 10-11 October 2023. The next MNEnet meetings are going to take place on 14 May and 29 November 2024.
- The MNEnet meetings provide an opportunity to regularly exchange information on the development of the existing MNE -related tools and processes, such as the EuroGroups Register (EGR), Interactive Profiling Tool (IPT) or Early Warning System (EWS). They enable the support of consistent recording and processing of the data on MNE groups in a systematic way.
- In 2022, the MNEnet took over the coordination role of the early warning system.

Dissemination of data on MNE Groups from EuroGroups Register

- Experimental statistics from EGR are disseminated since 2018
- Dedicated webpage for SBRs on the Eurostat website:

[Information on data - Statistical business registers - Eurostat \(europa.eu\)](#)

- Statistic Explained articles related to MNE Groups:

[1. Structure of MNE groups in the EU:](#) release with RY 2022 data on 30/4/2024

[2. Employment in large-scale MNE groups:](#) release with RY 2022 data on 30/4/2024

[3. European Profiling](#) – last update in February 2024

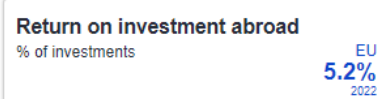
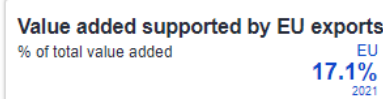
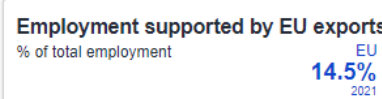
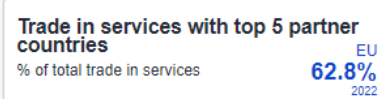
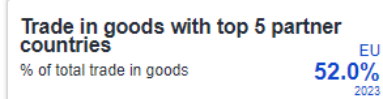
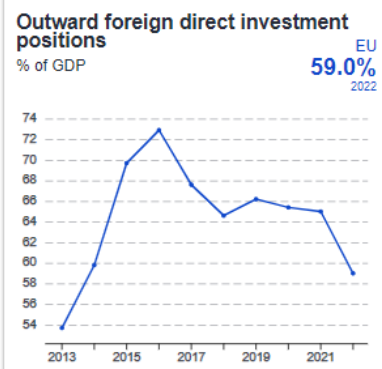
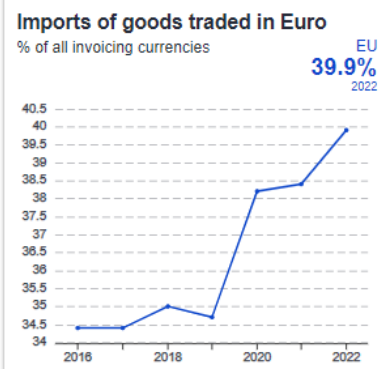
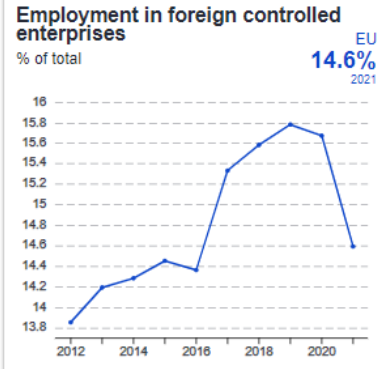
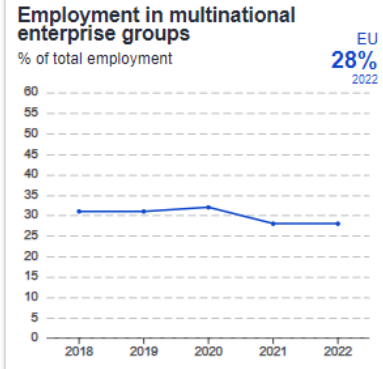
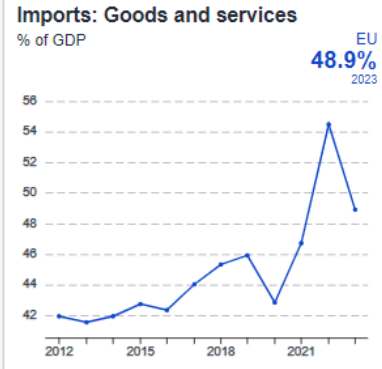
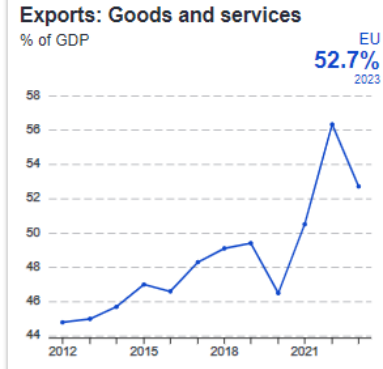
[4. EuroGroups Register and industry concentration](#)

Dissemination of data on MNE Groups from EuroGroups register

- **On 15 May 2023**, Eurostat released the experimental data on MNE groups in its public database (Eurobase) for the first time:
- [Number of multinational enterprise groups by controlling country](#)
- [Persons employed in the country by a multinational enterprise group](#)
- **On 18 April 2024**, Eurostat released the Globalisation Dashboard:
- [Globalisation dashboard \(europa.eu\)](#)

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Thank you, any questions?



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