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Large cases units in EU and EFTA countries

Abstract

(300-500 words)

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Large cases units and similar organisational structures are often set up as a response to the challenges of globalisation, not only to correctly delineate multinational enterprise (MNE) groups structures but also to ensure that data on such groups are recorded and distributed in a consistent way. The collaboration and coordination between the statistical domains at national level but also across different EU countries is an essential precondition to achieving consistency MNE data in EU statistics.

Eurostat has supported these collaborative activities between EU countries for several years. Not only has Eurostat provided the necessary legal and IT infrastructures to enable EU and EFTA countries to exchange confidential data on the MNE groups – e.g., Regulation 2019/2152 on European business statistics and the EuroGroups register – it has also established the European Network of Multinational Enterprise Groups Coordinators in 2021. This network brings experts together from different statistical domains. They work collaboratively to ensure that the data collected in different statistical processes from the largest and most complex MNE groups is consistently treated and distributed in the official statistics.

This article presents how national statistical authorities in EU and EFTA countries organise themselves. It also presents the roles that national Large cases units or similar organisational structures often carry out. The multiple sources used to derive multinational structures of large MNE groups that are used across the statistical national authorities will be outlined together with the different tools that can facilitate automatic data validation.

Eurostat will then present its ongoing dissemination activities related to experimental statistics on MNE groups, such as the recently published MNE aggregated data on Eurostat's website; various Statistics Explained *articles based on data from the EuroGroups register; and a completely revamped and dedicated section on the statistical business registers on the Eurostat website.*

Globalisation affects all economies and has been in special focus for many years. The process continuously generates new information requirements from policy makers and users, at both national and EU level. This poses challenges to produce high-quality statistics in a timely manner.

With regards to the European statistical system, globalisation was addressed during the 2019 Bratislava conference of the general directors of national statistical institutes, where it was recognised that a more systematic and coordinated approach of measuring economic globalisation and large multinational enterprise groups had to be taken.

Large and complex multinational enterprise (MNE) groups and their restructurings have a significant impact on the quality of economic and macroeconomic data. They are the main reason for the large data asymmetries between countries. Therefore, when tackling globalisation issues, the main focus should be put on ensuring high data consistency especially from large MNE groups and their constituent statistical units.

During the last few years, the European statistical system has made considerable progress in bringing together ongoing MNE-related activities, as well as the available technical infrastructure. Furthermore, the system largely contributed to the development of several statistical activities that not only allow a better understanding of MNE group structures, but also help to improve consistency of MNE group data across domains and countries, such as: large cases units; EuroGroups register; European profiling; Interactive Profiling Tool; Early Warning System.

The pivotal role of the statistical business registers is also a key point to ensuring consistent MNE group information. That is why the European business statistics Regulation 2019/2152 strengthens the role of national statistical business registers, the EuroGroups register as well as their essential infrastructural role as an authoritative source in business statistics.

Large cases units and similar organisational structures

So-called large cases units (LCUs) have been gradually introduced in many national statistical institutes (NSIs) in Europe.
LCUs and similar organisational structures are specialised organisational units that observe and analyse large MNE groups operating on national territories. They consist of experts from different statistical domains – e.g., short-term statistics; structural business statistics; statistical business registers; trade; national accounts; balance of payments; gross national income; etc. – who work together. These experts ensure that data collected in different statistical processes from and on the largest and most complex MNE groups is consistent and regularly distributed to users in the official statistics.

Having a specialised unit such as an LCU in the organisational structure of an NSI can bring different benefits. For example, it can significantly improve the macroeconomic database and provide consistent and credible statistics to the political, economic and scientific decision-makers. Cooperation with LCUs can also result in added value for MNE groups in the long term. For example, cooperation provides a better understanding of statistical concepts and reduces both the processing effort for reports on surveys as well as queries from the statistical offices.

Eurostat support for LCUs and better MNE groups' approach

Since 2018, Eurostat has continuously supported capacity and skill building in setting up and advancing LCUs and similar organisational structures. It does this by providing financial support to EU and EFTA countries, either with the help of individual grant agreements or with multi-beneficiary grant agreements.

A multi-beneficiary grant agreement provides financial support to a consortium of collaborating countries. In this case, the consortium consists of a group of countries that can demonstrate the highest expertise in operating and managing an LCU. In addition, the countries building consortium can prove rich experience in carrying out consistency checks on MNE groups. Two multi-beneficiary grant agreements (MBGA) have been signed with Eurostat – 2018 MBGA and 2022 MBGA – where several countries were able to benefit from tailor-made training if they were interested in either setting up an LCU or further advancing their knowledge of LCUs.

As part of the activities carried out under the 2018 MBGA, eight countries could participate in the tailor-made training on offer. These were organised either as on-site or online study visits:

Tailor-made training to set up or enhance LCUs under 2018 MBGA

Countries	Trainer	Training date
Germany	Netherlands	2019
Hungary	Sweden	2019
Lithuania	Ireland	2019
Greece	Denmark	2019
Belgium	Netherlands	2020
Poland	Ireland	2020
Portugal*	Sweden	2021
Spain*	Denmark	2021

Source: Eurostat

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Under 2022 MBGA, another round of eight countries will be trained from 2023 to 2024. In addition to that, methodological guidelines on data consistency work for national LCUs as well as the main principles to develop automatic checks will be drafted by the end of 2024, under the 2022 MBGA.

Besides grants, Eurostat has been organising several events on how to better understand and interact with MNE groups. These include four European statistical training programme (ESTP) courses dedicated to understanding MNE groups and their structures. These ESTP courses were followed by more than 150 participants. Both the training programme and the tailor-made training initiatives will continue in the future.

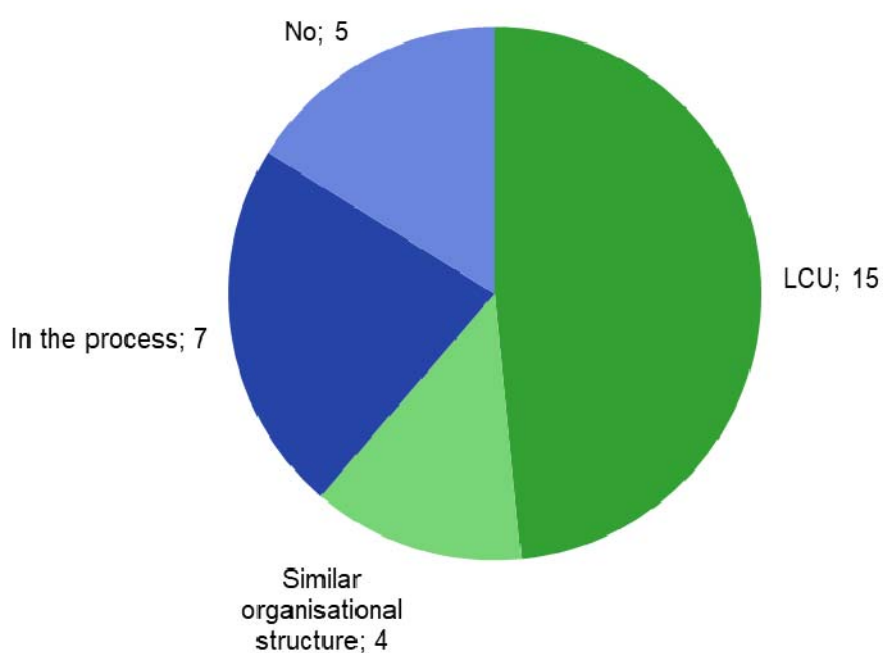On knowledge sharing, Eurostat provided European statistical system members with common repositories:

– a wiki on LCUs

- a shared information workspace on MNEnet for MNE group coordinators
- secure-workspace on the early warning system that enables a secure exchange of sensitive methodological information related to MNE groups.

In July 2023, 19 NSIs in EU-EFTA have an LCU or a similar organisational structure. Seven are in the process to have one and only five NSIs do not have an LCU.

Implementation of LCU or similar organisational structure in EU-EFTA, July 2023
(Number of countries)

No; 5

LCU; 15

In the process; 7

Similar organisational structure; 4

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Implementation of LCU or of a similar organisational structure by country and status, July 2023

Country	Status of the implementation
Belgium	Yes, since 2021
Bulgaria	In the process
Czechia	
Denmark	Yes, since 2018
Germany	Yes, since 2020
Estonia	Similar organisational structure
Ireland	Yes
Greece	Yes
Spain	Yes, since 2022
France	Yes, since 2010
Croatia	Similar organisational structure
Italy	Similar organisational structure
Cyprus	
Latvia	Yes
Lithuania	In the process
Luxembourg	Yes, since 2018
Hungary	Yes, since 2017
Malta	
Netherlands	Yes
Austria	Yes, since 2022
Poland	In the process
Portugal	In the process
Romania	
Slovenia	Similar organisational structure
Slovakia	
Finland	Yes
Sweden	Yes, since 2004
Iceland	In the process
Liechtenstein	In the process
Norway	Yes, since 2018
Switzerland	In the process

Source: Eurostat

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Activities carried out in LCUs and similarly organised structures

Looking at countries that have already succeeded in setting up an LCU, the following areas could be defined as potential key activities of an LCU:
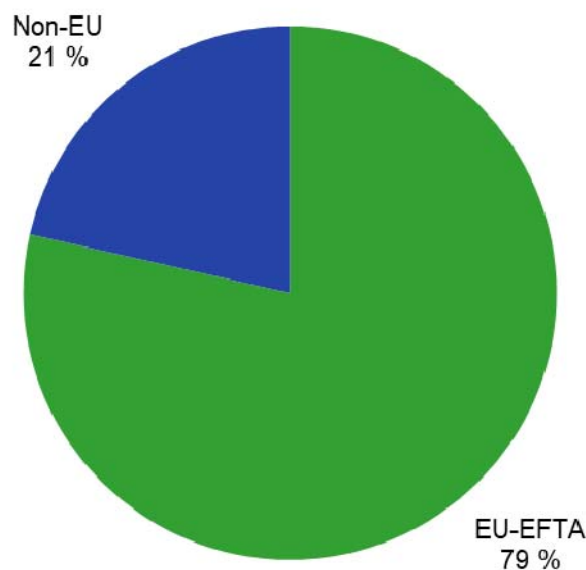
Relations with the largest MNE groups: it might often be challenging to obtain the 'right' information on transactions related to global production according to statistical principles. This is because different MNE groups have different organisational models due to their global production and different ways in which they refer to the same kind of arrangement. The contact, usually in the reporting units of MNE groups, can easily misunderstand statistical questionnaires. Therefore, this contact may need a more detailed explanation and personal follow-up by the LCU staff to make reporting easier. Maintaining regular communication with the top MNE groups is also essential 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) into statistical figures is a precondition for good cooperation. The qualified NSI experts reduce

administrative burden for MNE groups. This is because the skilled statisticians can select and calculate relevant information from accounting documents independently to obtain the required statistical characteristics. In addition, skilled NSI staff can draft more targeted and understandable surveys that result in higher response rates by MNE reporting units.

In January 2023, more than 600 MNE groups were on the LCU top watching list of MNE groups; 79% of them were from the EU and 21% had a non-EU nationality. Among these 600 MNE groups, more than 10% appeared in more than one country's LCU top watching list.

Multinational enterprise groups under the LCU top watching list, January 2023
(%)

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Early warning system activities: The early warning system is 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. In particular, on the events of top MNE groups, such as restructuring, mergers or acquisitions. Finally and most importantly, the ultimate goal is to reach an agreement on a consistent methodological treatment of concrete MNE events among the affected national data compilers in a timelier way.

In some countries, the early warning system correspondents work directly in the LCU and have already established national alert processes for the different statistical domains. This is in case an event related to a top MNE group occurs with potential sizeable effect on statistical

figures. Coordination with different statistical domains, such as the national statistical business registers is quite crucial, as the name of the MNE group can be further communicated from national to EU level – the EuroGroups register and the MNE group can be subsequently proposed for European profiling. In this way, MNE groups alerted by the system can enter the European profiling programme and be monitored for one or more years during their restructuring. The profiling results should then be corrected/reintegrated into the national strategic business reporting and the EuroGroups register. Links can be built if the early warning system falls under the responsibility of the LCU, especially if the MNE group can already be treated by the LCU.

Data collection: In some countries, the LCU is the main group in charge of data collection on top MNEs. In particular, when it comes to choosing the most reliable data sources or ways in which to collect the data. LCUs can ideally coordinate the questionnaires across all MNE-related statistical domains to avoid duplication of questions asked in different domain-specific surveys. The most advanced countries have even developed automatised tools to collect MNE group data.

Performing consistency checks: The LCU team can validate different statistical and administrative data within and across different statistical domains, using consistency checks and indications received directly from users in other domains. The main tasks are the quantification of the size of data inconsistencies, including performing imputations and data adjustments. The LCU transmits the validated output to users for their statistical processes and to the European framework of statistical business registers, including the national statistical business registers and the EuroGroups register. The main objective is to ensure distribution of consistent economic data on MNE groups from the very beginning at national level. This also helps to improve consistency of the MNE groups data with partnering countries at EU level.

Profiling: Profiling is a non-legislative process and is commonly referred to as a method to analyse the legal, operational, and accounting structure of an enterprise group. It does this to establish statistical units and their links within that group. It also sets up the most efficient structures to collect statistical data. The LCU is also responsible for profiling, both at national and EU level. 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. Profiling helps to achieve consistency across different statistical domains by providing a statistically meaningful delineation of the business group's structures and its respective statistical units. In European profiling, the NSIs go a step further, as they together define and agree on the legal, financial, and economic structure of the MNE group. LCU and European profiling activities work effectively together. And so, 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.

Other tasks: Each European LCU has a kind of tailor-made list of activities and responsibilities adjusted to their national statistical system, thus differently integrated with business statistics, including trade, and macroeconomic statistics production processes.

The European network of MNE groups coordinators – MNEnet

To make it easier to link all processes together, NSIs have requested that Eurostat sets up a network where MNE-related methodology, experiences and knowledge of people working in

the LCUs or similar organisational structures could be shared. In 2021, Eurostat established the European network of multinational enterprise group coordinators – MNEnet.

The overall objective of the MNEnet is to promote and facilitate a coordinated and consistent treatment of the largest MNE groups' data across the statistical production chain (statistical business registers, primary statistics and macroeconomic statistics).

One of the key advantages of MNEnet is that it strengthens the cooperation and communication of European MNE experts by creating a network where MNE-related issues and topics can be shared. The national MNEnet coordinators subsequently ensure that the information gathered is distributed to all statistical domains impacted by MNE groups activities and their restructurings within their national statistical system.

A regular exchange of information on existing MNE-related tools and processes, such as the EuroGroups register, interactive profiling tool designed for European profiling, or early warning system can excellently support consistent recording and processing of MNE groups data in a systematic way. Finally, and most importantly, the national experiences and best practices on setting up LCUs or similar organisational structures can be exchanged and built upon.

In 2022, the MNEnet took over the coordination role of the early warning system, which was responsible for early identification and reconciliation of significant cross-border, cross domain and inter-temporal inconsistencies, due to MNEs restructuring. During the last years, a small number of restructuring cases with a significant impact on EU statistics was reported to the system by its members. However, more reports are to be expected following the recent crises resulting in the restructuring of several MNE groups.

The MNEnet is interested in collaborating with other international expert groups. Eurostat is an active member of the UN Committee of experts of business and trade statistics, which has a dedicated task team on globalisation and digitalisation-related issues. Eurostat is also cooperating with the UN Statistics Division on business registers. In particular, those related to the Global Group Register initiative of the UN Statistics Division.

Different data sources used in LCUs

In its MNE Group data analysis, LCUs use a variety of data sources. LCU as a specialised unit can often automatically process and merge data from different statistical sources as well as from different statistical producers. First, the data from several data sources need to be collected and then linked. The main difficulty comes from the fact that the sources have often different unit concepts (e.g., legal units, enterprises/branches, tax groups) and there are no common identifiers available.

For concrete validation checks, details of various centralised and decentralised statistics from other statistics producers are often used. These concrete checks should already be carried out during the preparatory process, and subsequently merged and linked.

A specialised data analyst responsible for processing data on MNE groups will analyse the data brought together from different sources and clarify discrepancies. These discrepancies are often only noticeable when statisticians look at the MNE group more broadly – i.e., as a

coherent entity. Although individual data sources can be plausible, merging all this data can lead to several inconsistencies when looking at the MNE group as a whole.

Most EU countries tend to use administrative data sources such as business registers, VAT records or tax registers. Annual reports, financial statements of the companies, structural business statistics surveys and e-invoicing are also frequently used, while consolidated or non-consolidated reports from the International Financial Reporting Standards (IFRS) and web scraping of management or activity reports of MNE groups are gradually introduced.

Good relationships between NSIs and existing agreements with bodies that provide administrative sources – in particular, good cooperation with tax authorities – allows for a wide and timely access to data. NSIs that play the 'data stewardship' role can prove a clear advantage.

Data sources often used in the LCU:

- statistical business registers
- structural business statistics annual surveys of enterprises
- monthly and quarterly surveys of enterprises
- administrative data of tax authorities
- annual reports or financial statements from companies
- consolidated or non-consolidated International Financial Reporting Standards reports.
- foreign trade statistics
- balance of payments statistics
- foreign direct statistics
- research and development survey
- country-by-country reporting
- VAT information exchange system
- web scraping of management or activity reports of the MNE groups

IT infrastructure

National level

A good technical infrastructure at national level, with statistical business registers at the core, can process data from multiple sources. For example, they can process large amounts of data in different technical formats. Robust metadata documentation is a precondition for producing consistent statistics on MNE groups.

Several EU countries have already implemented or have been recently developing national tailor-made IT tools to support their LCU work. Automated IT tools enable them to integrate different data sources and implement automated consistency checks. Furthermore, the robust IT infrastructure allows them to carry out micro-data linking exercises. This helps to resolve inconsistencies in the MNE data and improve their quality right at the beginning of the statistical production chain – i.e., already in statistical business registers and primary data.

European level

A suitable European IT infrastructure is essential in providing a more systematic, consistent, coordinated and cost-effective approach on the ongoing activities of MNE groups at EU level. The EuroGroups register has been established to serve this purpose.

The EuroGroups register is the statistical business register on MNE groups set up by Eurostat. It run in collaboration with EU Member States and EFTA countries. It has an excellent coverage – estimated at over 95% – of large and medium-sized MNE groups operating in Europe.

Over the last years, the EuroGroups register process and system have been adapted to respond to the requirements of better accuracy, timeliness, and frequency of data for the most important MNE Groups. It has a significant impact on business and economic statistics at national and EU level and achieves the quality necessary to support the production of European statistics that adequately reflect economic globalisation.

In 2023, for the reference year 2021, the final frame for the EuroGroups register was made available to NSIs producers working in foreign affiliates statistics, globalisation statistics and other business domains. The EuroGroups register final frame 2021 contains information on over 155 000 MNE groups active in Europe. This comprises 977 000 enterprises and more than 1.4 million legal units. In 2021, MNE groups employed over 45 million people in Europe – around 1 in every 5 people employed in Europe worked for a MNE group.

As a next step, the EuroGroups register will integrate more data. For example, data will be made available from public data sources that take advantage of web scraping techniques. These novelties can further support and improve data analysis, data sharing and can allow access to various sources of information on MNEs to produce relevant statistics required for policy needs at EU level.

Distribution of experimental data on MNE Groups from EuroGroups register

On 15 May 2023, Eurostat started to release experimental data on MNE groups in its public database for the first time – also known as Eurobase. More data will gradually be released to fulfil user needs. The data source is the EuroGroups register. Currently, users can explore the data on two main structural indicators:

- Number of multinational enterprise groups by controlling country

- Persons employed in the country by a multinational enterprise group

In addition to that, two *Statistics Explained* articles using data from the EGR were published:

1. On 30 May 2023, the *Statistics Explained* article about the structure of MNE groups was released, using data from 2021 as a reference. The article is annually updated using the latest data from the register and can be accessed here:

   Structure of MNE groups in the EU

2. In June 2023, an additional article using data from the register was published with a focus on large MNE groups:

[Employment in large-scale MNE groups](#)

Preparation of additional *Statistics Explained* articles using data from the EuroGroups register is ongoing.

In 2023, Eurostat has been working on the revamping of its website. Currently, 40 out of the 79 dedicated sections have been reviewed and published in a new user-friendly layout. The dedicated webpage of the statistical national business registers and the EuroGroups register was published in July 2023 and can be accessed using the following path:

Home ⇨ Data ⇨ Statistical themes ⇨ **Statistical business registers**

STATISTICAL BUSINESS REGISTERS

Overview

Overview
Database
Visualisations
Publications
Information on data
Methodology
Quality
Legislation

Which information can I find here?

This section provides information on European statistical business registers, including **national statistical business registers (NSBRs)** and the **EuroGroups register (EGR)**. These registers are part of the European business statistics.

European statistical business registers play a central role in the production of business statistics. They provide populations of units and variables to coordinate statistical production. European registers exchange data on multinational enterprise groups to create the EuroGroups register and to ensure the consistent recording of the multinational (MNE) group's populations across EU.

Start discovering this topic and consult our information on data page.

Conclusion

Globalisation and the increasing complexity of MNE group activities pose challenges when producing business statistics and macroeconomic statistics. It can also pose challenges for a correct and consistent reflection of MNE activities in national and EU statistics. The LCUs and other similar organisational structures have proven their efficiency due to their broad approach on MNE groups. This approach ensures consistency between statistical domains affected by globalisation. It also ensures consistency between European NSIs MNE data and analysis. That is why Eurostat has always supported such collaborative measures and will continue to increase visibility of MNE information by expanding its editorial offering.

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