Voorburg Group Meeting Minutes

Thursday 24th Morning Session

The 33rd meeting of the Voorburg group began with an introduction and outline of the rules and guidelines in place to keep the presentations, questions and answers running smoothly in a virtual environment. This was followed by opening remarks from the Co-Chairs Bonnie Murphy from the Bureau of Labour Statistics (BLS) in the U.S., and Marcus Fridén, from Statistics Sweden.

**Opening Remarks and Meeting Agenda Overview – Voorburg Group co-chairs:** Bonnie Murphy (U.S.), Marcus Fridén (Sweden)

The opening remarks from Bonnie Murphy followed with an introduction of the Voorburg Bureau. There was no introduction of delegates due to the large number (110) attending the virtual meeting. The preliminary agenda for the 2021 Voorburg meeting is posted on the [official Voorburg website](https://www.voorburggroup.org/), housed by Statistics Canada.

Bonnie Murphy discussed the logistics associated with the Voorburg virtual meeting, and invited delegates to use the Chat feature to provide input. Every presentation in the session proceeded prior to discussion and questions from delegates at the end of the session.

**Country progress report –** Marcus Fridén (Sweden)

Marcus Fridén noted that we were still missing some respondents necessary to complete the report. The progress reports information will be communicated later.

**Session: Completed papers for submission of progress to UN**

**Issues paper on ISIC 5510 Accommodation -** Dorothee Blang (Germany)

The presentation began with an outline of the accommodation industry classifications and the ways in which the importance of the accommodation sector varies depending on the importance of tourism within the national economy and noted that usually analysis of the tourism industry is focussed primarily on hotels. This was followed by a discussion of the importance of analysis on the type of consumer. B2B and B2export often play a more important role than B2C. Customers generally book online. This is something the industry has prepared for, and they have mostly digitalized their processes.

AirBnb is not so much in competition with hotels, but rather, with businesses providing accommodation without regular room service and meals. These components are less significant within the industry, which is one reason that the sharing economy is not a strong focus. There are attempts to legally restrict the provision of private housing in order to protect companies offering accommodation services.

The presentation then proceeded with an outline of differences in the measurement of turnover/output of the industry across member countries. This includes a range of outputs from short term statistics, SPPIs, and monthly or quarterly indices, to annual structural business statistics and publications.

Common features of the measure of accommodation in SPPIs include a comprehensive sample size, similar pricing methods, low level aggregation through geometric mean of unweighted relatives and high level Laspeyres aggregation, and an index structure including type of customer, hotel category and region. There are also differences in the measurement of accommodation across countries. Spain uses a different weighting scheme for each month of the year, indices often differ in frequency of re-weighting and revisions, and there are differences in the definition of the transactions that are included in the index.

In summary, it is important that the product is narrowly defined to avoid skewness. Services that make up a less significant proportion of sales are not included in the price measurement. Digitalization plays a significant role in facilitating volatility in prices, which makes accurate prices difficult to capture. Although there is competition from the sharing economy, it does not seem to affect the statistical measurement of sales and prices.

There were no questions from delegates following this presentation.

**Revisited sector paper on ISIC 7310 Advertising -** Christian Puchter (Austria)

The presentation began with a description and summary of the industry and product classifications. It was mentioned that NAICS is much more comprehensive classification system, and also includes publishing industries. This was followed by an outline of the market conditions across participating countries. The industry is dominated by advertising agencies. France has a high number (15k) of small advertising agencies. There is a high level of market integration. B2B makes up roughly 65% of total turnover in France. Export and import appear to be important. There has recently been increases in the rate and importance of digital advertising, and Italy has put a particular focus on this. Radio, television, press and billboards still play an important role. This was followed by an outline of pricing models for various forms of digital advertising including display, search engine, classified, and email advertising (how one might model and collect prices if incorporating into an index).

The presentation then moved on to a discussion of turnover/output measurement, and differences between a net and gross approach. In the net approach, the advertising agency charges the client only their fee, and the client must pay for the media and advertising space. In the gross approach, the agency charges the client a combined price for both service and media space. There is no consensus on which method is correct, and member countries implement both.

Smaller enterprises of less than 10 employees should not be neglected, data should be collected at the detailed product level, information on the type of service recipient (B2B, B2C) is helpful, and information on the residence of the recipient can benefit statistics on international trade. The presentation then provided a summary of methods currently used by Italy, Poland, France and Israel. Lastly, there was a discussion of future challenges. There must be continued work on the coverage, complexity and classification of programmatic advertising, and the absence of small enterprises might lead to bias.

Post-session discussion commenced with a question from a delegate from Chile, who noted that they are currently constructing an index for creative industries using time-based methods, however many firms have complications gathering income for some products. He asked what Austria does to circumvent these issues and construct an hourly rate. The presenter (Christian Puchter) answered that they collect hourly rates from different qualifications of personnel, and that they ask enterprises for the type of work during the creative process in order to differentiate. He noted that in general they are able to provide the hourly rates, and they agreed to discuss further offline.

A second question came from a delegate from the UK, who asked whether it matters that ads are digital, because the distinction is a method of publication, rather than a method of creation, and asked where we draw the line. The presenter agreed that it should be counted in the publication side, and that publication should be split out in to separate hourly rates for creative and publishing services.

**Sector Paper on Publishing: ISIC 5812 Publishing of directories and mailing lists, and 5813 publishing of newspapers, journals and periodicals -** Yann Leurs (France)

The presentation began with an outline of the industry and product classifications. The presenter then proceeded to discuss whether online only publishers should be included in the industry. North American countries have different approaches. They are excluded in the U.S. and included in Canada. According to ISIC, there is no indication that they should be excluded. The presenter then raised the issue of whether NAICS should be updated to more closely match the ISIC classifications in 2022.

The presentation then moved on to an outline of recent market conditions and trends. This includes an ongoing industry reorganization, loss of revenue from print advertising and subscription, bundling of print and digital content, and low revenue from digital publishing. It was noted that the fine disaggregation of products defined in the official classifications is unavailable in most countries, in which a targeted survey may be required. A potential measurement issue exists due to third party media marketers, who act as intermediaries between publishers and clients. Only the net output, excluding intermediary services should be taken into account in the measurement of output.

Most countries produce a dedicated monthly or quarterly survey for publishing as part of the SPPI, using product level prices and weights updated annually. Different publisher pricing methods can be used depending on whether one is measuring single copy sales or subscriptions, and can include direct use of repeated service, average price per unit, model pricing and list pricing. The choice of whether to use direct use of repeated services or the unit value method depends on the stability of the service over time, and fluctuations in the composition of the mix of services. The prior is required for direct use of repeated services, and the unit value method is susceptible to the latter.

There were no questions from delegates following this presentation.

**The moderator mentioned an additional sector paper by Maja Dozet (Croatia)- ISIC 71.1 Architectural and engineering activities and related technical consultancy, which is posted online on the webpage**

Bonnie pointed out that sector papers for publishing and advertising should be accepted as final. Delegates have until Jan 15th to finalize them and after that date, they will be considered best practises papers on those topics. The Short-Term Accommodation paper still has some outlying issues that may be addressed over the following year.

Thursday 24th Voorburg Group Meeting after the break (Helsinki-2020)

The session continued with the industry mini presentation-ISIC 77.10 Renting and leasing of motor vehicles

**Session: Industry mini-presentations – ISIC 77.10 Renting and leasing of motor vehicles-** Session leader: Emelia D’Silva-Parker (UK)|slides

**35th Voorburg Group meeting Introduction: Renting and leasing of motor vehicles -** Session leader: Emelia D’Silva-Parker (Head of Business Prices Prices Division, ONS) [slides](https://guides.stat.fi/ld.php?content_id=33184297)

The session leader introduced the outline of the industry mini presentations. The outline had the following structure:

1. Mini presentations Turnover:

Mariah Nilsson – Statistics Sweden

Ramón Bravo Zepeda – INEGI, Mexico

1. Mini presentations Prices:

Cristina de la Fuente Jiménez– INE, Spain

Agnieszka Matulska-Bachura and Beata Cebula – Statistics Poland

Jiri Sulc- Czech Statistical Office

1. Discussant:

Erika Barrera, Central Bank of Chile

**Industry classifications**

The session leader highlighted the differences between industry classifications around the world such as ISIC Rev.4 (United Nations (2008)), NACE Rev.2: (EU (2008)), NAICS (North America (2018)), SNI 2007 (Sweden) and CNAE 2009 (Spain). She also pointed out the SNI and CNAE are very closely related to NACE. The common element for all 5 industry classifications is that they exclude the use of driver by only targeting renting and leasing.

**Product classifications**

The session leader proceeded analyzing product classification. Each of the product classifications such as CPC Ver. 2.0, CPA 2.1, SPIN 2015 and NAPCS have 3 subclasses and all the subclasses have very similar approach.

**Turnover and Price Measurement**

**Turnover**

The output is measured by turnover in majority of cases.

**Price measurement**

1. Pricing unit of measure: price per unit of time for duration of lease or price from list
2. Price methods implemented: depends on the services can be pricing repeated services, contract pricing method, unit value method.

The session leader ended her introduction and introduced the first presenter for the output.

**Turnover and Output for Renting and leasing of motor vehicles (ISIC 77.10) in Sweden-**Mariah Nilsson (Statistics Sweden) |[slides](https://guides.stat.fi/ld.php?content_id=33112663) |[paper](https://guides.stat.fi/ld.php?content_id=33085298)

The speaker presented a brief summary of her presentation including: Classification in Sweden, SBS Basic data, size class data, turnover by product, and different kinds of car rental.

**Classification in Sweden**

The speaker briefly went through classifications in Sweden. Sweden uses its own classification, SNI 2007.

**SBS Basic data**

The industry is very small and employs only 2011 people and consists of 729 enterprises. Renting and leasing motor vehicles services are part of the administrative and support service activities (5% of the total non-financial business sector) and contribute only 18% value added to these services.

**Size class data**

The speaker mentioned that 94.7 % of enterprises in ISIC 77.1 had less than 10 employees.

**Turnover by product**

Consists of 3 variables:

1. Rental services incl leasing of cars and light motor vehicles without operator;
2. Rental services of goods transport vehicles without operator (incl trailers);
3. Rental services of other land transport equipment without operator;

The presenter pointed out that 64% of total turnover in 2018 came from rental services incl leasing of cars and light motor vehicles without operator, an increase of more than 100% since 2008. The second largest turnover by product in 2008 doesn’t belong to the ISIC 77.1 it belongs to services such as wholesale, retail, trade services including trade services of used passenger cars etc.

**Different kinds of car rental in Sweden**

The final slide shows the available car rental options in Sweden which include:

1. Traditional car rental firms (e.g. AVIS, HERTZ);
2. Petrol stations;
3. Car pools (Car sharing services);
4. Traditional car lease firms;
5. Traditional car dealerships;
6. Buy or lease option (the new trend In Sweden, where it is cheaper to lease a new car than buy a new car)

The session leader then moved on to introduce the next speaker for the turnover presentation.

**Session: Industry mini-presentations – ISIC 77.10 Renting and leasing of motor vehicles-** Ramón Bravo Zepeda (National Statistical Office in Mexico) | [slides](https://guides.stat.fi/ld.php?content_id=33137707)|[paper](https://guides.stat.fi/ld.php?content_id=33137706)

The speaker started with greeting and INEGI introduction. He explained that INEGI measures short term and structural statistics for private non-financial services and produces basic information for National Account systems as well as indicators for production, employment etc.

The content of his presentation is as follows: descriptions and characteristics of the renting and leasing of motor vehicles, turnover/output measurement and conclusion.

**Descriptions and characteristics of the renting and leasing of motor vehicles**

Even though this sector is small in Mexico, it remains a growing sector. For example, Mexico has 2000 companies with 7000 employees and revenue which amounts to 18 million pesos. The speaker points out that since 2013, 33% more companies have reported, and an income grew 96% for the period of 5 years.

In Mexico, the industry is very much related to the tourism-related and corporative activities, where the largest companies are rental and leasing of automobiles without drivers.

**Turnover/output measurement**

In this section, the speaker described the turnover sources. The turnover sources are coming from Economic Census, National Economic Surveys and Administrative records. The statistical design of the rental and leasing automobile survey is as follows:

1. monthly and annually;
2. sample design: non-probabilistic
3. variable: income
4. collection: online, direct interview or electronic questionnaire.

For more information on the survey statistical design refer to slides.

The presenter ended his presentation noting that even though the industry consists of small and medium sized enterprises, it is still a growing and expanding market.

The session leader proceeded to introduce the next speaker for prices presentation.

**Renting and leasing of motor vehicles: ISIC 771-** Cristina de la Fuente Jiménez (Instituto Nacional de Estadística (INE), Spain) |[slides](https://guides.stat.fi/ld.php?content_id=33179971)|[paper](https://guides.stat.fi/ld.php?content_id=33076933)

The presenter introduced the content of her presentation which includes industry definition, market conditions, SPPI measurement and challenges.

**Industry definition**

1. Short-term rental (Rent-a-car companies): very important in Spain since they are connected to the tourist industry.
2. Long-term rental (operational leasing): financial services are not included (e.g., maintenance and insurance)

The weight of rental and leasing of motor vehicles services is 1.16% of total non-financial sector in Spain.

Rental and leasing of motor vehicles consists of rental and leasing of cars and light motor vehicles (more than 95% of total turnover) and rental and leasing of trucks. In SPPI, they only include the rental and leasing of cars and light motor vehicles class. Additionally, 68% of the turnover comes from the long-term rental.

**SPPI measurement**

The speaker identified basic characteristics of SPPI as follows:

* Chained Laspeyres index
* Quarterly periodicity
* B2All
* Cut-off (using the date of the Structural Business Survey, current sample has 23 companies)
* Based on product

Short-term rental consists of 3 price determining characteristics such as corporate segment (prices set by contract), broker prices (sold by intermediary) and private segment.

Long term rental has a fixed fee on the entire duration of the contract. To calculate the monthly fee that a client will pay, consider interest rate and the amount to finance, which is the initial value minus the residual value at the end of the contract.

The residual value includes:

1. Km/year and the duration of the contract
2. Maintenance and may include tire change
3. Insurance
4. Taxes (e.g., registration and road taxes)

The long-term renting also includes **flexible renting**, where you as a client can change the conditions of the contract (more expensive).

**SPPI Pricing Methods**

Short-term rental:

Direct use of prices of repeated services (7 days rental)

Long-term rental:

Model method

**SPPI Challenges**

* Validation of the results (only have four quarters and the index is calculated for the first two quarters of 2020);
* Aggregation (developing divisions);
* Dissemination;
* So far, all indices are B2All, but future research into B2B, B2C and B2E is needed.

The session leader thanked Christina for her presentation and introduced the next speaker for prices presentation.

**Mini-Presentation on SPPI for Rental and leasing of cars and light motor vehicles (ISIC 7710/NACE 77.11 and 77.12)**- Beata Cebula (Statistics Poland, Trade and Services Department, Poland) |[slides](https://guides.stat.fi/ld.php?content_id=33118698)|[paper](https://guides.stat.fi/ld.php?content_id=33118697)

The presenter started with a description and characteristics of renting and leasing motor vehicles industry. In 2018, the number of enterprises included in NACE 77.11 (Renting and leasing of cars and light motor vehicles) is 2739 with 1069 classified in NACE 77.12(Renting and leasing of trucks). In 2018, there were 8420 people employed in NACE 77.11 group and 3264 people employed in NACE 77.12. The turnover since 2010 increased by 209% in NACE 77.11. The services via internet for NACE 77.11 and NACE 77.12 classification are becoming increasingly popular.

**Measurement of SPPI**

* quarterly SPPI (since 2015);
* data collected through the C-06 Report on services producer prices via reporting website (22 modules for each sector/industry). More information on modules can be found on slides.
* purposively selected sample;
* Laspeyres price index formula;
* Out of 175 representative services, majority of services use direct use of prices of repeated services;

Lastly, the presenter pointed out that after introducing a new tool for data collection and a new approach for sampling, the sample data became more precise.

The session leader thanked Beata for her presentation and proceeded with the next speaker for prices in Czech Republic.

**Renting and leasing of motor vehicles (ISIC 77.10)-**Jiri Sulc (Czech Statistical Department)|[slides](https://guides.stat.fi/ld.php?content_id=33141114)|[paper](https://guides.stat.fi/ld.php?content_id=33138319)

The speaker outlined four areas of his presentation including classification, market, SPPI measurement and challenges.

**Classification**

In Czech Republic CPA 77.1 classification used for rental and leasing of motor vehicles, where 77.11 is rental and leasing services of cars and light motor vehicles and 77.12 is rental and leasing services of trucks.

**Market – Characteristics**

Renting and leasing of motor vehicles services are the second largest group in CPA 77.1 classification. Renting and leasing services of cars and light motor vehicles (77.11) account for 89% of total sales in CPA 77.1 classification. Thus, the Czech Statistical Department decided to include only 77.11 in their price index calculations. Additionally, top 100 companies have the biggest influence on the number of sales in CPA 77.1 and thus, behave similarly to monopolistic competition.

Renting and leasing of motor vehicles is classified as **short** (car rental)and **long-term leases** (full service and operational leasing). Also, B2B services account for 77% of renting and leasing of motor vehicles, 7% B2C and 16% B2E.

The speaker further describes the negotiating conditions between a car rental firm and a client. This includes:

1. Duration of the car rental period (less than 1 year);
2. Class;
3. Type of car (determined by the vehicle brand and related to the class);
4. Mileage (number of km sometimes included in the car rental otherwise client needs to pay for each additional mileage);
5. Services (some are free such as accident insurance and others are not free, for example, windshield and tire insurance)
6. Age of car

**SPPI characteristics**

1. Laspeyres index;
2. Monthly periodicity (very demanding on capacity and processing speed);
3. B2B (predominantly business sphere of the domestic market, services for consumers are negligible);
4. Purposive sampling

**SPPI-Pricing Methods**

Direct use of prices of repeated services (include only renting and leasing services of cars and light motor vehicles)

**SPPI-Quality Adjustments**

Direct comparison method (possible within class changes)

**SPPI-Challenges**

The presenter described a few improvements and challenges facing the Czech Statistical Office such as:

1. Following new trends in services;
2. Pay close attention to business and consumer shares;
3. Promote a good relationship between Czech Statistical Office and respondents;
4. Define the benefits of the questionnaire.

The session leader thanked Jiri for his presentation and proceeded to introduce the speaker for the discussant part of the session.

**35th Voorburg Group meeting Discussant Remarks on 7710 - Renting and leasing of motor vehicles-** Erika Barrera (Head of Service Unit, Annual National Accounts Department Central Bank of Chile) |[slides](https://guides.stat.fi/ld.php?content_id=33189421)

The speaker started with the agenda for the general discussant remarks including general remarks, measurement, price considerations, market trends and challenges, implications of IFRS 16 followed by the discussion.

**General remarks**

Summarizing the mini presentations presented above, the speaker concluded with the general remarks for the renting and leasing of motor vehicles services such as:

1. Small industry;
2. Capital intensive;
3. Concentrated (in terms of turnover);
4. Customer segment.

The presenter pointed out that rental and leasing services include two services such as renting and leasing of cars and light motor vehicles and renting and leasing of trucks.

**Measurement**

The discussant elaborated on two types of measurement:

1. Output (turnover)
2. Pricing

**Price considerations**

According to SNA the gross approach is the most appropriate for the measurement of the output. The characteristics of goods and services determine the price of the output and thus, we need to consider quality adjustments for both.

The speaker then defined an interesting issue in long-term contracts such as determining the right deflator for the long-term contracts, where the prices can stay fixed for a few years. The Eurostat-OECD Guide for SPPI states that the correct deflator should include the combination of prices that were in place at that moment of time including old and new prices related to the contract.

**Market Trends and Challenges**

1. Car sharing (shorter term rental, membership required);
2. Peer-to-peer car sharing (privately owned, operated by a third party, like other sharing services, households as producer);
3. Leasing of cars by households (B2C not only short-term rentals, but also long-term contracts);
4. New business models (split turnover)

The last part of the speaker’s presentation went over the implications of IFRS 16.

**Implications of IFRS 16**

The revised standard for the accounting of leasing in financial statements (applies from 2019).

While the lessor side has no implications for output and price measurements, for national accounts, the lessee gets lower intermediate consumption, higher value added, higher interest payments and eventually higher capital. To deal with accounting changes, we can modify surveys, use invoice data, model the flows on available stocks/flows data related to ‘right-of-use’ assets or use data from lessors to obtain mirror data for lessees. Since the lessor stays the same, there is no need to change the output or price measurements.

Finally, the speaker asked if anyone has any questions or was willing to participate in the discussion in sharing ideas or experiences.

**Discussion**

**The first question was from the delegate from Austria:**

The question was about coverage rates, do countries have specific rules or thresholds established about when to include a code for aggregation in the index? (e.g., 77.11 and 77.12 in Poland)

**Answer:**

Sweden: they do not set a limit or have established levels to go by, more of a feeling if it's a large industry and whether it should be considered in the price movement of the sector.

Poland: they do not take into account the share of the turnover; the index is comprised of all enterprises (persons employed 10 or more).

**The second question was from a delegate from the UK:**

Czech Republic produces the industry index on a monthly basis, are there any other countries who produce the industry index on a monthly basis and is it needed? (any additional volatilities across months). If it’s stable over months maybe it's better to do it quarterly? What is the effect of the pandemic on the burden to respond?

**Answer:**

Sweden: compiles SPPI by quarter, but for this industry they make companies report prices by month. Also, related to the pandemic, there was a huge drop in demand for car rentals in April 2020 followed by an increase in the demand at the start of the summer.

**The third question was from a delegate from Chile:**

A question for the Czech Republic regarding characteristics of SPPI, do they consider the year of the model and do they quality adjust?

**Answer:**

In the Czech Republic, they use the direct comparison method and do revisions once every 5 years. Also, they use 1-to-1 comparison method and if there is a big difference, they ask respondents to send two prices for two periods (overlap method).

**The fourth question was from a delegate from the US:**

How do different countries handle a large amount of price discrimination for short-term rental?

In US, they have started collecting data supplied at the corporate level that has all prices and transactions.

**Answer:**

The companies give them an average of all the transactions with the same characteristics.

**The fifth question was from Sweden:**

Has anyone experienced or thought of how small or large increases in leasing arrangements can be an issue and how is it reflected in the accounts? What is the impact of using a CPI as a proxy and how does that change the weights?

**Answer:**

Nobody could provide an answer. The Co –chair from the US mentioned that this question could be a good question to look back and provide an answer after the meeting.

**The sixth question was from a delegate from Mexico:**

This question is for Sweden. Does the data for output come from administrative sources or sample surveys or do they use another method? And how do they sample it?

**Answer:**

Sweden: they use both administrative data for a large part of the population and surveys to specify turnover and products. Annual sampling for SBS and for STS might not have data according to product, only turnover.

**The seventh question/comment was from the Co-chair from the US:**

New leases for any given year should be weighted based on their turnover and revenue received for that year, and existing (i.e., excluding new leases) long-term leases need to be weighted a certain amount. She assumes that for long term leases, countries do not collect turnover statistics at that level (turnover for new leases versus turnover for existing leases). Given this, what should we be doing in a price index to overcome the fact that they do not have output for these sections of leases?

**Answer:**

Spain: In the last quarter of each year, they include a question about the turnover. In the long-term rental they ask enterprises for new contracts, percentage of the turnover of the last year, old contracts without a renewal and old contracts with some renewal.

The Voorburg Group co-chair then introduced a new session about Economic ownership and Multinational enterprises and the presenters for this session.

**Session: Cross cutting topic (1) – Economic ownership and Multi-National enterprises**- Barbro von Hofsten (Statistics Sweden), Sarah Eaton (Office for National Statistics, UK) |[slides](https://guides.stat.fi/ld.php?content_id=33180364)|[paper](https://guides.stat.fi/ld.php?content_id=33180365)

The delegate from Sweden presented an outline of her presentation including reasons for implementing economic ownership in statistics, economic ownership in different statistical areas, examples of transactions in a large MNE, Swedish initiatives, challenges, Eurostat initiatives, UK initiatives and conclusions.

She stated that economic ownership is a national account and balance of payments concept. Then she proceeded with the reasons for implementing economic ownership in statistics.

**Reasons for implementing economic ownership in statistics**

1. Classification;
2. Goods sent for processing (recorded in the same way between and within countries);
3. Productivity analysis (may help to improve it).

**Economic ownership in different statistical areas**

1. **PRODCOM and SBS**

PRODCOM: the economic ownership is not applied, only covers national territory

SBS: the economic ownership concept applied.

1. **STS and EBS (former FRIBS)**

STC: the economic ownership concept should be applied; deviations may occur due to the use of administrative sources.

EBS (2021): the economic ownership concept shall be applied.

1. **International trade statistics (ITGS, ITSS)**

International trade in goods (ITGS): does not apply economic ownership principles because border crossing has a bigger importance.

International trade in services (ITSS): the economic ownership concepts should be applied (there are problems with measuring international flows of IPPs (intellectual property products).

Example for the flow of goods, R&D and payments in a MNE is given on the slides. For more information regarding the cases refer to slides and a paper.

**Swedish initiatives**

1. Large Cases Unit since 2004 (aiming to lower the burden for respondent and get better quality in reported data for the largest enterprises);
2. Profiling since 2015;
3. Paper on globalization 2018 (describes globalization issues and its effect on different surveys, harmonizes the treatments of specific enterprise cases with outsourcing production among various statistical areas, different types of cases were identified)
4. Harmonizing questionnaires for SBS, PRODCOM, STS and ITSS 2020 (had several meetings and the conclusion is that harmonization is a difficult task and time consuming)
5. Paper on the Swedish position on globalization 2021 (aiming to explain the official position in relation to globalization and what should the recommendations be for Sweden)

The speaker handed over her presentation to the next speaker Sarah Eaton.

**Challenges for the economic statistical system**

Statistical areas are different in terms of whether they employ or do not employ the economic ownership principles. Another challenge is the classification of the enterprises who outsource most of their production to other countries.

**Classification Based on Economic Ownership**

1. NACE Outsourcing manual: ownership based on material input
2. Guide to Measuring Global Production Manual: ownership based on IPPS (could be challenging, sensitive subject)

**Eurostat initiatives**

The listed initiatives below are the most recent European initiatives, but there are many more task forces looking at globalization, economic ownership etc.:

1. European Profiling program since 2015 (focus to ensure more consistency in the treatment of statistical units and to improve the recording of structures of multinationals, close ties with EuroGroups Register);
2. European System of Statistical Business Registers (yearly frame of all MNE groups across Europe);
3. Early-warning system (EWS) 2017 to Present (voluntary scheme to take a proactive approach to tackle significant multinational restructuring across Europe);
4. Consistency work – Large Case Units (LCU’s) (big differences in the roles and responsibilities of LCU’s across the world with relations to responsibility size and location within statistical department);
5. GNI MNE pilots (happened between 2018-2019 and it investigated on the treatment for 25 multinational enterprises across Europe).

**UK initiatives**

1. ONS´s Business Profiling Team (making sure structures are correct)
2. Large Cases Unit (working with a smaller number of multinationals, regular meetings in terms of data collection)

**Conclusion**

1. Importance of communication;
2. Relationship with MNE;
3. Accountancy Support (understanding the difference between business and statistical world)
4. International collaboration is critical

Finally, the speaker finished her presentation by thanking everyone and asked participants to write questions in the chat box.

**Q&A**

**The first comment was from the delegate from the IMF:**

1. International organizations are currently working on updates to the SNA and balance of payments manuals with the goal of completing by 2025;
2. The group of task teams was set up to work on identifying issues related to manual updates; One of the teams is working on globalization and he can pass along the information they are working on and they are looking to keep the concept of economic ownership and economic control. They also want to create more detailed institutional sector accounts;
3. IPPs is an important issue. The UN ECE provides guidelines on classifying units based on IPPs; There are alternatives where you could record all IPPs and related income to the company headquarters (the major problem arises when a company changes a headquarter residence from one country to another); Additionally, the second option is to portion income to nations based on the wages or physical assets or based on their sales (challenges: requires coordination across countries).

**The second comment was from the representative from the UN:**

1. Revision of ISIC (expected)
2. He agrees with the delegate from the IMF on globalization and that there is no better alternative than economic ownership and control.
3. MSN harmonized definition
4. Potential revisions for MITS and MSITS

**The third comment from the delegate from the IMF:**

Thanked speakers for interesting presentations and commented on an interesting part which is units having one classification based on economic ownership.

**The presenter from the UK response to the delegate from the IMF comment:**

If an enterprise has wholesale business and a head office (they own the material inputs), from the GDP point of view, they need to record the firm as a manufacturing entity. She also commented on the importance of accountants and their role in determining where revenues are recorded.

Bonnie reminded everyone to look at the last slide of the next meeting and investigate the agenda for the next year.

The session finished by thanking all the presenters and participants.

**Friday September 25th Morning Session**

**Session: Cross-cutting Topic (2) – SPPI sampling method and sources**

**Session leader:** Moegi Inoue (Japan)

**The French way of SPPI sampling method -** Swann Maillefert and Antonia Bertin (France)

The presentation began with a summary of the French sampling methods and sources. An exhaustive list of sales revenues for each enterprise comes from Elaboration of annual statistics of companies, which are reworked in to their own database in order to identify the productive unit and bypass out of scope information. Firms are matched with other databases to account for restructurings. For B2all. B2B and B2X indicators, enterprises with less than 4 M Euros turnover are removed. Cut-off sampling is used, followed by well-informed choice, to improve coverage. A summary of the cut-off sampling parameters is provided. The presenter moved on to a discussion of specific processes for sampling building maintenance prices, including the Annual Structural Survey, compilation of a pre-determined sample, further cut-off sampling, and share weighting. The presentation then moved on to an outline of the French sample of services product. Engineers-surveyors discuss the list of representative products for sampling directly with firms.

The absence of small firms from the sample may be a source of bias, but bias should be limited under the assumption that large firms are price makers and small firms are price takers. By French law, small businesses are limited to 1 mandatory survey/year. Resources for face-to-face interviews are limited. Some challenges faced by France include under-coverage in architectural services (only at 43% coverage), under-coverage of services products due to a rapidly evolving market, and over-coverage within sampling for building maintenance and improvement. These issues are currently being addressed by using proportional weights, regularly reviewing the sample, and only contacting a subset of the sample.

A delegate from Denmark asked the presenter whether France has a price index that excludes taxes, which would save them the time of adjusting it themselves. The presenter responded that they can obtain market and tax-excluded prices through direct interview, but they need to adjust for B2C prices.

**SPPIs Sampling Methods in Mexico -** Elizabeth Patricia Garcia Flores and Rafael Posse Fregoso **(Mexico)**

The presentation began with an overview of the main characteristics of the Mexican PPI, followed by discussion of the statistical units, sampling methods, the establishment sampling frame (RENEM), sample design, and lastly, difficulties and challenges encountered.

The Mexican PPI covers 75% of 2013 NAICS classifications with a basket of 560 goods and service products and covers 79% of national production. There are 110 service products included in the PPI, 68 primary products and 382 secondary products. Mexico utilizes direct collection from large establishments or economic units, small units used to collect prices for SPPIs and CPI, and administrative records. Both probabilistic and non-probabilistic sampling is used. The presentation provided a breakdown of the type of sampling methods used for each service product. Cut-off sampling used to identify major service providers by percentage of sales turnover. This is used for 40/110 service products. The statistical business register of Mexico (RENEM), includes basic information for all economic units in charge of producing goods and services in the country for domestic consumption and export. It contains ID and geography variables, economic variables, business structure and tracks birth, death and mergers. The presentation then provided an outline of probabilistic and non-probabilistic sampling methods, and quality indicators used for assessing them. Currently, units remain in the sample until PPI weights are updated (5 years). This runs the risk of losing representativeness due to unit turnover. INEGI proposes launching an annual or biannual sample rotation based on updates to RENEM. Some SPPI sampling challenges associated with the pandemic include measuring changes to consumption patterns, the temporary or permanent closure of service providers, and potential under-coverage due to these closures.

A delegate from Sweden asked a question to both France and Mexico. Do you have any restrictions on the number of companies/units that can be sampled that limit your capacity to reach your target coverage goal for a particular product group (for Sweden this goal is 80% coverage), related to rules on maximum response burden?

France replied that they are limited to 1 mandatory survey for small businesses, so they keep a register of which companies have received which surveys.

Mexico did not reply.

**Survey on the update and revision of SPPIs: Summary Report -** Itsik Tal (Israel)

The presentation began with a discussion of the differences between EU and other member countries, noting that EU member countries tend to update and revise SPPI samples more frequently. Some EU countries update weights annually and samples more than every 2 years. Non-EU countries have higher utilization of private sector data for weights and sampling. Both EU and other member countries face similar issues acquiring high quality product-level data and weights. Many countries reported issues with technology and infrastructure availability. The presenter noted that other information is available in the report posted online.

**Discussion Topics for Sampling- Moegi Inoue (Japan)**

The discussion session began with general sampling issues, before moving on to Coronavirus related topics. The session began with questions submitted by Mexico.

In the countries that carry out sample rotation, what challenges did they face in the product chaining procedure and what impact has this had on price indices?

Has the potential bias caused by the sample rotation been measured? Is this bias important after a long period of rotation?

The Voorburg Co-chair from the U.S. answered that in the U.S, they rotate their sample every 7 years, and face issues related to the length of time between resampling. The U.S. uses a process called directed substitution (just before a sample is rotated in, respondents from the old sample are called and asked to update their products). This ensures there is no bias in the products. In most cases respondents will do this substitution semi-regularly themselves. They find that mining and manufacturing does not usually have this problem, but use it for some services.

A delegate from the UK commented that this year the UK has moved from a 5 year rebase to annual chain linking, which has required they develop annual weights, and noted that they have documentation on this if others would find it useful.

The co-chair from the U.S. mentioned that due to their long sample rotation, they have variances calculated at the industry level, which they use as a quality indicator to measure whether as the age of their sample increases, is it becoming less representative.

**Related to Coronavirus the following resampling questions were put forward:**

1. Are any countries planning a study to measure the impact of the pandemic in order to find out which industries or services need to be resampled?

2. Do you plan to resample establishments and services to adapt to new norms for the industry or service affected by the pandemic (even if it is not a resampling year)?

3. Has initiation response rate declined since the pandemic? How much impact has it put on resampling?

1. Mexico responded that they are launching the business demographics study in order to measure the birth, death and survival of establishments from March to Sept 2020. However, since it is a probability survey, they will not be able to identify all establishments that closed or opened, only the proportions by economic sector. The study covers manufacturing, wholesale, trade, construction, non-financial services.

Moegi followed up by asking whether this study was only for the PPI/SPPI, or whether it planned for all of Mexico’s economic statistics. Mexico replied that it is for all of the statistics, but it is a probability sampling study and covers the sector she outlined earlier. However, it is for all programs that are based on economic units.

2. Moegi responded that Japan is planning a revision of the goods PPI to a 2020 base. In general, the pandemic seems to have a larger impact on services than goods, and they are not sure how much attention should be paid specifically to the goods sector resampling. Are any countries planning to resample both goods and services?

A delegate from the U.S. replied that the U.S. samples by industry. Coincidentally the travel services were going to be resampled in the coming year, but they are considering waiting until the volatility and shifts have died away and they have reached the new normal. She stated that while they regularly look at resampling the goods sector, they do not have any plans to make any additional updates. They have had a lot of difficulty initiating new establishments through remote-only collection.

France responded that they will conduct resampling for travel agencies and tourism services.

The co-chair from the U.S. put forward a question: For any countries that update weights every 5 years, is anyone concerned that they will miss effects of the pandemic? The delegate from the UK replied that due to their large chain linking project their sample has fallen out of date, and they plan to do a large resampling exercise next year, hoping to tackle some regional variables so that they have the flexibility to produce regional services price indices.

3. Mexico replied that their response rate has declined since the pandemic. In the beginning they reached a response rate of around 23%, which dropped to 13% last month. They have introduced other methods for price collection. The UK has had similar issues with a decline in response rate. They track response rate by industry, and have engaged in aggressive phone-based price collection.

The session leader from Japan asked whether the UK plans to use any adjustment to their initiation response rate when sampling, to which the delegate from the UK replied that they have not considered it, but may consider it if necessary for affected industries.

**The following questions were put forward regarding data for sampling:**

1. What do you think about the relevance of using 2020 revenue or turnover data for sampling and weighting?

2. Is there any idea to adjust the 2020 revenue or turnover data (e.g., eliminating the data during lockdown as an outlier)?

3. How do you get cooperation from new establishments during initiation?

1. Related to this question, the co-chair from the US asked if countries that are due to reweight annually, will be using weights from 2020. Emelia responded to the question by noting that their source weights are 2 years behind, so they will not see the effect immediately, but after price updating, they will need to address the issue of whether to use 2020 data. A delegate from Sweden replied that Sweden is considering using a multiple-year weight reference basket and has asked if other countries have used a similar method during the financial crisis. The delegate from Sweden noted that it is the aggregate PPI and SPPI that they want to maintain, and they will estimate the missing data in order to maintain the integrity of the total index. Ireland noted that in their agricultural price indices they use a 3-year weighting system including the prior and subsequent year’s weights. This is because of the potential for an entire outlying year in agriculture.

The session leader from Japan asked the delegate from Sweden to specify whether Sweden was planning to use the average of multiple years of data. Rohan responded that they have not finalized any plans to do this, but are looking in to it.

The delegate from the IMF commented on the question about imputation (if these transactions for particular activities are not taking place, should we still impute for them?) The IMF has been stressing the importance that you should. Using mean-price-imputation is equivalent to including the activity with 0 price change, however the advantage is that when the activity resume, the prices can be reintroduced immediately, since there is already a back price available.

The delegate from Sweden mentioned potential issues with the implicit shift in weight caused by imputation of missing data at such a high level in the aggregation structure.

Friday 25th September Voorburg Group Meeting after the break (Helsinki-2020)

The session continued with the Industry mini presentations- ISIC 52.10 on Warehousing and storage.

**35th Voorburg Group Meeting Finland, September 2020 10 Warehousing and storage (ISIC 5210)-**Session leader: Christian Puchter (Statistics Austria) | [slides](https://guides.stat.fi/ld.php?content_id=33112664)

The session leader introduced the outline of the industry mini presentations. The outline had the following structure:

1. Two presentations for **Turnover/ Output** with the following presenters:

Josipa Kalvic Ivanic, Croatia

Michael Reich, United States

1. Three presentations for **SPPI** with the following presenters:

Cristina Cecconi, Italy

Melanie Santiago, United States

Christian Stock, Austria

1. One presentation for **Discussant** with the following presenter:

Anthony Dawson, Ireland

The session leader presented a summary of the industry classifications including ISIC, NAICS and NACE. He elaborated that ISIC and NAICS are identical in the industry definition compared to NACE. The difference lays in the product that it stores. The next slide showed the product classification, he explained that CPC and CPA differ with regards to storing and warehouse services. While in NAPCS all codes are classified as “Warehousing and storage services”.

The session leader then elaborated on the ISIC definition for the **Warehousing and storage** where the class includes

1. operation of storage and warehouse facilities for all kind of goods such as operation of grain silos, general merchandise warehouses, refrigerated warehouses, storage tanks etc;
2. storage pf goods in foreign trade zones, blast freezing.

and excludes:

1. parking facilities for motor vehicles, **see 5221;**
2. operation of self-storage facilities, **see 6810**;
3. renting of vacant space **see 6810.**

**Turnover/ Output-** Josipa Kalvic Ivanic (Croatian Bureau of Statistics) |[slides](https://guides.stat.fi/ld.php?content_id=33200150)|[paper](https://guides.stat.fi/ld.php?content_id=33161320)

The presenter started with the presentation outline starting from introduction, followed by the description of the service industry, market conditions and constraints, output measurements and lastly evaluation of measurement.

**Description of the service industry**

She mentioned that warehousing industries have storage, handling and value-added services and they have close ties with transportation and logistics services. In Croatia, the warehouse and storage services are small in terms of the turnover share and the number of enterprises in non-financial services. However, in the distribution of turnover within section H, **warehousing and support activities of transportation** is the second largest after **land transport and transport via pipelines**.

**Market conditions and constraints**

While in Croatia micro and small-sized enterprises are over 83 % of the total number of enterprises’ share, the medium size enterprises have the biggest share of the group turnover.

Moreover, **bundling** **of services** has become very common and contributes to more effective and efficient services. 30-40% of logistics operations are outsourced in Croatia.

**Output measurements**

The data for output measurements is coming from monthly reports on service activities and monthly administrative data sources. Then the turnover data from monthly surveys on service activities is applied to calculate volume gross index and the quarterly index (used in National accounts as input in calculations of GDP)

**Estimation of indices**

Indices of the same month of previous year are estimated directly from microdata, while other indices are calculated by chaining procedures.

**Evaluation of Comparability of Output data with Price data**

Since 2009 the SPPI was developed for warehousing and storage. The sample uses the cut-off method and contains 90 % of the turnover. In Croatia compilation of SPPI is done using product approach.

The session leader then introduced a second speaker for the **Turnover/output**.

**Turnover/ Output-** Michael Reich (Branch Chief, Utilities, Transportation and Administrative Support Service Branch, Economy-Wide Statistics Division) |[slides](https://guides.stat.fi/ld.php?content_id=33107744)|[paper](https://guides.stat.fi/ld.php?content_id=33086214)

The speaker started with the agenda for the presentation including definition of the industry and revenue/output measurement. The presenter goes through the market condition in the US for warehousing and storage industry for 2012 and 2017. The **General Warehousing and storage** having the largest revenue share of the total industry revenue shares in the US. Then, the speaker continues talking about the Output measurement in the US. The data for the output measurement is coming from the Economic census (every 5 years), Service Annual Survey (annually) and Quarterly Services Survey (quarterly). The output of the warehousing has the following categories:

1. storage services;

2. handling services for goods;

3. packing services for goods.

The speaker also mentioned the issues associated with NAPCS classification. He showed that NAPCS by itself cannot be used to determine the NAICS industry classification.

The session leader then moved on to introduce the next speaker for SPPI presentations.

**SPPI** - Christian Stock (Statistics Austria) |[slides](https://guides.stat.fi/ld.php?content_id=33095834)|[paper](https://guides.stat.fi/ld.php?content_id=33083733)

The speaker presented information about the warehousing and storage service sector in Austria. The service industry contains bundled and new or remodeled services. The issue with bundled services is that we don’t know exactly the importance of single bundled activities.

**Market conditions and constraints**

He then described the limited importance of the warehousing and support activities for transportation and storage services. For example, the warehousing and support activities for transportation consists of only 4.26 % of total H-N. Moreover, the industry has low barriers to entry for the new services (low cost), low impact of public regulations and high degree of concentration. Warehousing and storage services are often a part of the value-added services (looking for customized solution). Also, the relative unimportance of B2C compared to B2B is present. It is also important to note that transportation services are secondary services of warehouse and storage companies in Austria.

**Service Producer Price Index (SPPI)**

He then proceeded to elaborate more on the Service Producer Price Index (SPPI) and its price determining factors. This price determining factors can also be used for the construction of the questionnaires in Austria. More information on the price determining factors can be found on the slides and in the sector paper from 2014.

The discussion continued on the SPPI description and measurements. Austria uses cut-off method for the index and Laspeyres price index formula (fixed-base index).

The presenter described the graph for the warehousing and storage prices. Warehousing and storage prices experienced a substantial increase from 2006 to 2016 and then rapidly declined in 2016 to 2018 due to the decrease in energy storage prices. The prices started to grow in the 2018 and 2019.

The session leader then proceeded to the next speaker for SPPI.

**SPPI** - Cristina Cecconi (Italian National Statistical Office) |[slides](https://guides.stat.fi/ld.php?content_id=33161524)|[paper](https://guides.stat.fi/ld.php?content_id=33098785)

The speaker started with an introduction of the content of her presentation such as market conditions, specific characteristics of the industry, measurement of SPPI, description of pricing method, evaluation of measurement.

**Market conditions**

Warehousing and storage (521) is the smallest sector in warehousing and support activities for transportation in Italy with regards to employee number, turnover etc.

The variety of groups included in warehousing and storage 522 index makes it more prevailing in Italy.

**Specific characteristics of the industry**

The presenter went into details of the characteristics of the warehousing and storage industry. Warehousing and storage services are the important element of the logistics process. The warehouse classifications presented by a speaker are as follows:

* The nature of goods stored (e.g., perishable goods)
* The type of building (e.g., outdoor area, refrigerator rooms)
* The flow of materials (e.g., raw materials, semi- finished products, finished products)
* The location (e.g., central, suburban)
* The degree of automation (e.g., traditional, semi-automated, fully automated)

The speaker discussed three management macro activities of a warehouse including management and storage, returns management and documents management (more on this on the slides). She compared the old and modern view of the warehouse services, where in the modern view the warehouse is not just a part of a factory but a service.

Moreover, the industry includes the three output services such as storage, handling of goods and value-added services (VAS), where VAS includes the following:

1. Co-manufacturing
2. Packing
3. Kitting
4. Quality control
5. Labeling
6. Reverse logistics management

**Measurement of SPPI**

The presenter then started analyzing the measurement of Italian SPPI. SPPI is released on a quarterly basis at a national level. Italy uses a cut-off method by turnover and chained Laspeyres price index formula to calculate SPPI. Also, they use the contract price method to consider the movement of the three output services mentioned above (outsourcing excluded).

**Description of pricing method**

The speaker presented methods used to describe the pricing from the questionnaire:

- information on three contracts for every commodity group to characterize the enterprise’s market;

- for each contract;

- B2B turnovers at three levels used as weights in the Laspeyres price index (see slides for more information).

**Evaluation of measurement**

* meeting with companies to determine a pricing method;
* companies don’t have any issues with the filling of questionnaires;
* the quality adjustment tool (used more frequently and more validation needed).

The session leader then proceeded to the next speaker for SPPI.

**SPPI-** Melanie Santiago (Chief, Services Section Producer Price Index Program U.S. Bureau of Labor Statistics) |[slides](https://guides.stat.fi/ld.php?content_id=33113248)

The speaker started her presentation with a note that U.S. prepared a joined paper for output and prices and it can be found under the output section of the agenda.

She presented an outline of her presentation which includes definition of the industry, measurement of SPPI and evaluation of measurement.

**Definition of the industry**

The US publishes indices by NAICS classification of the warehousing industry which includes four industries in this sector and there are defined by the type of good they store such as general warehousing, refrigerated, farm products and other warehousing (e.g., more specialized goods).

**Measurement of SPPI**

She briefly went over the product structures and sampling design and paid more attention to the pricing methods used for the industry.

* Product structures:

Even though they have four industries in this sector, the prices indices are calculated only for general warehousing, refrigerated and farm product warehousing. For each of these industries, US publication structure only includes a single index for primary services.

* Sampling design

The selection probability of a firm is proportionate to its size (employment or storage capacities as proxy for size). Also, a sample unit is the individual facility location. Moreover, private warehouses (provide services for their own business) are excluded from the general and refrigerated warehousing frames (no revenue on reportable accounts).

* Pricing methods

Two methods used:

1. Average price per occupied cubic foot

-Mostly used in general and refrigerated warehousing

-the index is calculated monthly (the first 21 days of the month cutoff)

2. Contract rate for single

-if the prices are not available

-mostly used on farm warehousing

**Evaluation of measurement**

US switched to an average price methodology for the general and refrigerated warehousing instead of using contract rate to calculate the index (because they were not accurately capturing price changes) to reflect more timely market conditions.

The current issue is that private warehouses are excluded from calculations of the index despite the fact that they are growing. Companies using private warehouses don’t have reportable prices since they don’t separate the profit from warehousing as a separate profit maximizing entity.

The speaker then proceeded to invite the next presenter for the Discussant Remarks part of the session.

**Discussant Remarks**-Anthony Dawson (Statistician at the Central Statistics Office in Ireland) |[slides](https://guides.stat.fi/ld.php?content_id=33192453)

He started with the content of his presentation which includes the following: general remarks, similarities across warehousing and storage, challenges in SPPI, challenges in Turnover/Output.

**General remarks**

Covered extensively before by other speakers, no significant changes.

**Similarities across warehousing and storage**

* small sector;
* warehousing and storage as a service;
* VAS addition can make it harder to calculate prices;
* certain product storage by companies;
* similar sector worldwide.

**Measurement of Sector**

1. output side (annual surveys, census, periodic surveys)
2. price side such as contract (mentioned in 2014 paper by the Federal Statistics office in Germany as best-case scenario for prices) and average pricing, direct use of prices of repeated services.

Then the speaker discussed sections below:

**Challenges in SPPI**

1. Pricing method: around the world different methods are used;
2. Quality adjustment (more automated means more VAS added);
3. Bundling of services (not clear on how to separate VAS from other warehousing services);
4. The sector is not fully covered (private warehousing)

**Challenges in Turnover/Output**

1. Challenges in Croatia on the tax data side (finding alternative data)
2. Changes in legal regulations
3. Unconcentrated sector makes sampling difficult
4. Moving the sector towards providing secondary activities
5. Negative values

**Overlap with Other Industries**

1. Low barrier to enter
2. Overlap with transportation sector

**Q&A**

The speaker finished his presentation by thanking everyone and passing the floor to the session leader Christian Puchter.

The session leader thanks Anthony and moved on to the Q&A. The first question he had was from Mexico to Italy, but the question was resolved.

The second question from the US to Croatia about the negative values in the database. The question was answered by a delegate from Croatia: In VIT database it’s possible to get negative values but they have the way to deal with them, so the data stays useful.

The speaker then asked if anyone else had a follow up question about private warehouses and If anybody else gets transfer pricing from the private warehouses. The delegate from the IMF proceeded answering this question and his response was to stop trying to go after the private warehousing pricing since it can only be done from the accounting side of the companies and the companies can be motivated by taxes, for example. Thus, if we exclude them, we can impute them by arms-length transactions that we collect from other producers.

The fourth question was the following: as the Value Added Services (VAS) become more prevalent and automated what kind of quality adjustment methodology should be used to account for the increased automation?

1. One of the answers was the overlap method. However, one of the members pointed out that if output and services are the same, we might not need quality adjustment. Need to consider if there is any quality change.
2. On the contrary, one of the participants pointed out that automation has allowed to do services much faster and thus quality adjustment is needed. Moreover, we need more quality adjustment characteristics such as speed of delivery, for example, but the limited data on these type of characteristics makes it difficult to measure.

The session leader, Christian Puchter, thanked presenters for the time management and Finnish colleagues for the slide management and then passed the slides to the co-chair Bonnie Murphy.

The co-chair then proceeded with the next session.

**Session: Cross-cutting topic (3) A summary of all alternative data sources presented since 2015 meeting**- Rohan Draper (Statistics Sweden) |[slides](https://guides.stat.fi/ld.php?content_id=33193058) |[catalogue](https://guides.stat.fi/ld.php?content_id=33193059)|[draft survey](https://guides.stat.fi/vg2020/agenda/friday)

The co-chair introduced a Voorburg Task Force (VTF) presentation during this session. Then Rohan Draper (Statistics Sweden), the Task Force leader, took over the Task Force presentation, where he introduced the key Task Force members including Ana Aizcorbe (Bureau of Economic Analysis), Nicklas Elversoe (Denmark Statistik), Anna Korlyuk (Statistics Norway), Ville Markkanen (Statistics Finland), Susanna Tag (Statistics Finland). The main output of VTF is the creation of mapping tables from VBG documentation. Additionally, the first target of the Task Force was to create definition table to consider documentation from alternative data sources. The next goal is to create a prototype questionnaire to make VBG following the alternative data sources more thorough.

The Task force defines alternative data sources as Voorburg group documentation and Ottawa group website. The complete questionnaire sources can be found on the presentation slides from Voorburg Task Force. A question came up during the discussion of administrative sources from a delegate from the UK and he pointed out that administrative sources are not as highly transferable as mentioned in the presentation. There was another comment on corporate datasets, the co-chair from the US mentioned that corporate datasets are just like administrative datasets in a way that you need to work with the data in order to make it transferable. The next question was from the delegate from Chile, she asked whether the tax data is included in administrative data. The speaker mentioned that the line between traditional and alternative data sources is starting to blur and the tax data can be in between those data sources.

The last suggestion was from the UN member. He mentioned that the Task Force could explain in more detail the pros and cons of each of the data sources on their questionnaire. The Co-chair from the US elaborated that on the next year’s agenda, we have scheduled a poster session on the Alternative Data Fitness for use. After the next year’s session, they will have more resources to analyze pros and cons of each data source since each statistical agency will be telling about how they judge each of these alternative data sources for Fitness for use.

Furthermore, the session leader discussed the paper selection from the VBG catalogue, where they have selected 42 papers for their analysis. In addition, he mentioned that there is a surge in the number of papers coming out from Paris last year.

The task force leader demonstrated a quick demo of Alternative Data Sources Questionnaire (the demo can be found on the Voorburg website).

The co-chair from the US offered a suggestion for the Voorburg Task Force, that it would be a good idea to send out this questionnaire spreadsheet created by the Task Force when asking for a country’s progress report next year.

There was a comment from Finland that the new survey may overlap with a country’s progress report. The co-chair from the US responded that they would need to readjust a country’s progress report to not include questions about the alternative data.

The session leader finished his presentation by thanking everyone for the contribution on behalf of the Task Force.

The co-chair from Sweden then proceeded with the agenda for the next year’s meeting.

**Planning the agenda for next year’s meeting –** Marcus Friden (Sweden)/Bonnie Murphy (US)|[slides](https://guides.stat.fi/ld.php?content_id=33189428)

He asked everyone to complete a short survey to get evaluation feedback about the Voorburg meeting within a week of the meeting. The speaker then moved on to thanking a Bureau member from France, Yann Leurs, for his contribution to the Voorburg group. A new member from Israel, Ruth Vizner has accepted a nomination to join the Voorburg group to replace Yann Leurs.

The next year’s agenda was presented, a more detailed information on the next year’s agenda can be found on the Voorburg group website. They asked for some contribution from the Voorburg member countries on the new sessions for 2021 meeting (see slides for more information).

The session meeting ended with the follow up tasks:

1. Update of the glossary with new terms from the Paris and Finland meeting notes;
2. First draft of meeting notes from Secretary due December 1, 2020 Session leaders review and comment by Dec. 31, 2020. Final notes to the Chairs by January 31, 2021;
3. Host for 2021 has not been determined (possibly in-person meeting).

The meeting ended by the co-chair from the US thanking Statistics Finland for hosting the virtual meeting and all other Voorburg participants for their contribution.