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PROPOSED REVISIONS TO THE INTERNATIONAL STANDARDS IN BASIC  
INDUSTRIAL STATISTICS

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PROPOSED REVISIONS TO THE INTERNATIONAL STANDARDS IN BASIC  
INDUSTRIAL STATISTICS

I. INTRODUCTION

1. At its tenth session, the Statistical Commission considered draft proposals for the revision of the International Standards in Basic Industrial Statistics.<sup>1/</sup> On the basis of the Commission's views these proposals were revised and, in accordance with the wishes of the Commission,<sup>2/</sup> again circulated to the statistical offices of Member States and interested organizations for comment.<sup>3/</sup> The revised proposals contained, in addition to specifications of the frequency, coverage, statistical unit and items of data pertinent to basic industrial inquiries, suggestions as to the characteristics of the statistical unit by which the various items of data should be classified.
2. Comments were received from many countries and the great majority of these expressed general approval of the revised standards.<sup>4/</sup> Also a number of countries analysed the proposed standards in considerable detail and made suggestions that have led to refinements in the proposals. Further, the suggestions of Governments on the Draft Proposals for the 1963 World Programme of Basic Industrial Inquiries<sup>5/</sup> and The Statistical Unit in Economic Inquiries<sup>6/</sup>

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<sup>1/</sup> Draft Revisions to the International Standards in Basic Industrial Statistics, E/CN.3/242/Add.1.

<sup>2/</sup> See Report of the Tenth Session, E/3126, para. 26.

<sup>3/</sup> See Draft Revisions to the International Standards in Basic Industrial Statistics, E/CN.3/L.40/Rev.1. These revised proposals were circulated to the countries of the Americas through the Inter-American Statistical Institute which also collected and collated the comments of those countries.

<sup>4/</sup> The countries from whom comments were received are: Austria, Belgium, Bulgaria, Canada, Ceylon, Republic of China, Czechoslovakia, Finland, France, Federal Republic of Germany, Hungary, India, Japan, Malta, Netherlands, New Zealand, Portugal, Sweden, Switzerland, Thailand, Union of South Africa, USSR, United Kingdom, United States, Yugoslavia.

<sup>5/</sup> E/CN.3/L.49.

<sup>6/</sup> E/CN.3/L.50.

have, at several points, had an impact on the reformulation of the proposals here presented. The proposed standards have also been the subject of discussion at the sixth session of the Census Sub-Committee of the Committee on the Improvement of National Statistics (COINS) of the Inter-American Statistical Institute (IASI) and at a meeting of the Working Group on Industrial Statistics of the Conference of European Statisticians. The Third Plenary Session of the Conference of Asian Statisticians will also consider these revisions at a meeting which will take place shortly before the meeting of the Statistical Commission.<sup>7/</sup> The views emerging from the meeting of the Sub-Committee of COINS and the Working Group of the Conference of European Statisticians have been taken into account in this document. A basis for evaluation and amendment of the proposed standards was also provided by the comparative study, requested by the Commission, of the systems of industrial statistics in use in selected industrial countries<sup>8/</sup> and by a general analysis of national practices.<sup>9/</sup>

3. The text of the present paper is devoted primarily to a discussion of the changes that have, on the basis of the material cited above, been made to the proposals contained in the paper E/CN.3/L.40/Rev.1. The annexes to this paper contain the detailed proposals now being made for a revised set of standards for basic industrial inquiries. Annex I contains draft recommendations concerning the coverage and frequency of basic industrial inquiries together with the proposed definitions of the statistical unit. Annex II, part I, contains a draft list of the items of data recommended for compilation at annual and less frequent intervals as well as an indication of the characteristics of the statistical unit by which they should be classified. Annex II, part II, contains the draft

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<sup>7/</sup> The conclusions reached at this meeting will therefore be reported to the Commission orally.

<sup>8/</sup> Progress Report on the Comparison of the Industrial Statistics Systems in Selected Highly Industrialized Countries, E/CN.3/281.

<sup>9/</sup> See Recent Basic Industrial Inquiries, E/CN.3/257/Add.1, Annexes I and II, and Methods of Obtaining Industrial Statistics, E/CN.3/257/Add.2, Annex I, for a tabular resumé of country practice.

definitions of both the recommended items of data and certain other items that, while not definitely recommended, are considered of importance for national use. Annex II, part III, lists the technical survey information that should, to the extent practicable, be published together with the results of industrial inquiries. Annex III contains suggestions for a more ample tabulation programme for infrequent and annual surveys than that proposed as a part of the draft standards. In Annex III the items of data are listed in the suggested form for tabulation, and the characteristics of the statistical unit by which each item might usefully be classified are indicated. Although not intended to be part of the proposed standards, Annex III may serve as a guide to those countries in the process of developing a system of industrial inquiries. Further it brings together, in summary form, the objectives envisioned for a system of basic industrial inquiries.

4. Although the recommendations regarding definitions and tabulations stem from an analysis of the methods and techniques used in many countries and the practical problems of collection and compilation encountered, no recommendations regarding methods are made a part of the standards, since their objective is to set out the frequency with which certain uniformly defined and classified items of data should be made available. There is, of course, a wide variety of methods by which this objective can be attained and the methods chosen by each country will be designed to fit its economic organization, stage of development, etc. A brief indication is given in Annex I, however, of the various ways in which industrial data might be gathered. A more detailed description of the methods that have been employed in collecting such data and the range of national circumstances within which the standards can be applied are outlined in the Addendum to this paper, Methods of Obtaining Industrial Statistics.<sup>10/</sup>

## II. SOME GENERAL REMARKS

5. The bulk of the comments received on the paper, E/CN.3/L.40/Rev.1, expressed the view that for the most part the proposals contained in that document

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<sup>10/</sup> E/CN.3/257/Add.2.

constituted a technically realistic approach to basic industrial inquiries and that the revised standards would foster international comparability as well as assist countries in the planning of useful and practicable surveys. Suggestions for revisions to the proposals centred mainly on refinements in the definitions or expansion of the explanatory notes for some of the items of data. It was also apparent from the comments that more ample discussion of and some extension of the statistical unit definition to be used in basic inquiries was needed.

6. The comments received also suggested that clarification of the purposes of a set of international standards in industrial statistics was needed. It was apparent from the comments that there are two somewhat divergent views in this regard. In some cases it is considered that the standards should be restricted to those items of data and classifications essential for comparative analysis at the international level. Still others seem to feel that the standards should include all the detailed items of data and classifications that could be useful nationally. In fact, the present set of proposed standards, like the original International Standards in Basic Industrial Statistics<sup>11/</sup> recommended by the Commission, are intended to promote the compilation of certain items of data on an internationally comparable basis as well as to provide a guide to the development of a realistic, nationally useful basic programme for the less statistically developed nations. Annexes II and III of this paper have been arranged to distinguish these two functions of the proposed standards.

7. The definitions and other recommendations presented in the Annexes to this paper, rely heavily, of course, on the reported practices and views of many countries. In addition, considerable attention was devoted to the uses for which industrial data are required as well as to keeping these proposals in harmony with international recommendations in other statistical fields, bearing in mind the special circumstances of an industrial inquiry. Among the uses for these data, particular attention was given to meeting the requirements for compiling a set of detailed national income accounts, input-output tables and other national

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<sup>11/</sup> Statistical Papers, Series M, No. 17.

economic accounts. When, however, the figures required for national accounts purposes were not considered realistic in terms of the accounting records from which the industrial data must come, the definitions could not be formulated to yield precisely the data needed. In general, however, the proposed definitions will yield data useful in the estimation of national product or income, capital formation, input-output tables and the other national economic accounts.

### III. THE STATISTICAL UNIT<sup>12/</sup>

8. The comments received have indicated that the majority of countries now find the definition of the establishment acceptable. One country suggested that it should be made clear that once the record-keeping practices of most respondents in an industry group have been used to set realistic boundaries for defining the establishment with respect to range of activities, it is important that all respondents conform in all major respects to that definition. That is, emphasis on the record-keeping practices of business should not be interpreted to mean that the establishment is simply the unit for which data are reported without restrictions as to the scope of this unit.

9. While there seems to be no substantial disagreement concerning the definition of the establishment, a number of comments were received concerning the use or the sole use of the establishment in basic industrial inquiries. These comments indicate that the problem of the statistical unit has been under active study in a number of countries. The views expressed indicate that while the problem has been approached from quite different standpoints, it may be possible to detect a common pattern emerging. The observations received fall generally into three categories, and these are discussed in the following paragraphs.

10. In the USSR and other countries of Eastern Europe with centrally managed economies, the main statistical unit for all kinds of industrial inquiries has been the enterprise. However, the organization of the industrial enterprise in these countries and its range of activities is dictated primarily by technological,

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<sup>12/</sup> See Annex I, paras. 9-25 and E/CN.3/L.40/Rev.1, paras. 17-30.

economic and administrative considerations. In other countries, on the other hand, considerations of a purely financial character - desire to diversify a company's investments, etc. - in addition to technological matters, often play a major role in determining the range of activities engaged in by a single corporation. In terms of kind of activity, therefore, the enterprise in Eastern Europe is as homogeneous a unit as the establishment in the West. It is also understood that only in a negligible number of cases would the enterprise in Eastern Europe be dispersed over a broad geographic area. It would appear, then, that detailed industrial data for Eastern Europe might be compared on an industry-by-industry basis with data for countries using the establishment as a statistical unit without undue concern about lack of comparability arising out of the use of different statistical units.

11. In the not too distant past the establishment was used almost exclusively as the statistical unit for basic industrial surveys. Recent years, however, have seen a marked shift toward the use of other statistical units as well, especially in Western Europe, although the extent to which these other units have been used and the way in which they have been used has varied markedly. In the United States, for example, the establishment continues to be used as the sole statistical unit for the annual survey of manufacturing, but in the combined quinquennial censuses of mining, manufacturing and business, the enterprise is also employed to a limited extent. In the United Kingdom, on the other hand, it is planned to discontinue entirely the use of the establishment in the annual surveys. In its place the enterprise will in general be taken as the statistical unit except when the enterprise is engaged in two or more of thirty-one specified activities. In the latter case the enterprise will report separately for each activity. For infrequent inquiries, however, the United Kingdom will continue to use the establishment.

12. In some European countries (notably the Federal Republic of Germany and the Netherlands) the "local unit"<sup>13/</sup> has long been used as a statistical unit for infrequent censuses. In the last few years, however, the enterprise and the "kind of activity unit"<sup>13/</sup> have entered the picture and in the Netherlands these two

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<sup>13/</sup> See E/CN.3/259 for a detailed discussion of these units.



units have been made the basic statistical units for the annual surveys in three industries, and their use will be extended to other industries in the future. In the Federal Republic of Germany much interest is being shown in making greater use of the enterprise because of its importance as an economic entity. Further, it is considered important in a market economy to use as a statistical unit the organization that participates directly in the market as well as the organization against which the turnover tax is levied. The Federal Statistical Office has also indicated, however, that use will be made of the establishment as a subsidiary statistical unit in its 1963 industrial survey.

13. From the foregoing it is apparent that a number of countries in the world are moving in the direction of using two or more statistical units for their economic surveys - in general toward the use of the enterprise<sup>13/</sup> and the kind of activity unit and/or the establishment. This is without doubt an excellent trend in that such an approach can produce a broad range of economic statistics in integrated form, and it is intended that international work further the use of interrelated statistical units in the collection of economic data. To this end, work is going forward on the question of financial statistics and on the question of statistical and tabulation units (the enterprise, the kind of activity unit, the establishment, and variations of these units) appropriate for the collection and compilation of various items of economic data for various purposes. And an important part of this work is devoted to the problem of relating these several units and the data pertinent to each.<sup>14/</sup> The general problem of financial and similar statistics, however, is best considered within the broad framework of all non-agricultural economic activities. Within the context of these draft standards in basic industrial statistics, therefore, the enterprise is treated only peripherally as a supplementary statistical unit.<sup>15/</sup>

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<sup>14/</sup> See The Statistical Unit in Economic Inquiries, E/CN.3/259 and Statistics of Enterprises, E/CN.3/260.

<sup>15/</sup> See paras. 15-23 below.

14. In terms of the items of data included in the draft revised standards, for infrequent industrial inquiries, there are a number of reasons for maintaining the establishment (or local units which are limited in the range of kinds of activity encompassed) as the statistical unit. The importance and usefulness, both at the national and international levels, of classifying the recommended items of data by homogeneous industry groups, by geographic area and by the size of the producing units have been repeatedly emphasized;<sup>16/</sup> and the application of the proposed definition of the establishment will yield a set of statistical units that, within the limits imposed by the actual mixing of activities within production units, fulfil the requirement that each unit be assignable to a usefully homogeneous "kind of activity" and size classification. That the majority of countries have found the establishment or a close approximation to it both a practical and useful unit from this point of view is perhaps best demonstrated by the number of countries making use of the unit in their regular industrial inquiries.<sup>17/</sup> Analysis by size and location is, of course, of considerably less importance for annual than for benchmark inquiries, and the proposed standards have been changed to indicate that either the establishment or the kind of activity unit might be used for annual surveys, depending on the practical reporting difficulties encountered within different countries or within specific industries and the urgency of the need for data classified according to geographic areas. This proposal, too, is in accord with the practice of a number of countries. It should also be noted that in describing and discussing the various statistical units to be utilized in basic industrial inquiries, emphasis has now been placed on the characteristics required in each of these units so that the objectives of each type of inquiry may be met in a practicable fashion. This approach, it is hoped, provides a more flexible and clearer guide to the choice of an appropriate statistical unit in basic industrial inquiries.

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<sup>16/</sup> See E/CN.3/L.40/Rev.1, paras. 17-19; E/CN.3/L.50, paras. 7-9 and 24 and E/CN.3/259.

<sup>17/</sup> E/CN.3/257/Add.2/Rev.1, Annex I.

15. It has been pointed out that, although remaining undefined in the standards, the enterprise definition employed will have an impact on certain of the recommendations contained in the standards. It is suggested, for example, that establishments be classified according to whether they belong to multi-unit enterprises and to kind of legal organization. Further it is suggested that, as an optional item, the destination of shipments of the establishment might be identified - i.e., that shipments to other units of the same enterprise be distinguished from shipments outside the enterprise. In all of these cases it is obviously necessary to have a definition of the enterprise.

16. A possible definition of the enterprise that might be used internationally was proposed in The Statistical Unit in Economic Inquiries.<sup>18/</sup> In commenting on that paper, however, a number of national statistical authorities have pointed out that different definitions of the enterprise are useful for different purposes. This subject is more fully discussed in the revision to the paper mentioned above,<sup>19/</sup> but it may be well to sketch three possible definitions of the enterprise and to indicate the advantages of each in the context of these recommendations. While it is not intended that the choice of a definition be restricted to the three outlined below, it is recommended that, in publishing industrial data, countries indicate, wherever appropriate, the definition of the enterprise used.

17. A commonly used definition of the enterprise is the "legal entity". The "legal entity" may be defined as: any individual proprietorship or association of persons carrying on a business (commercial or industrial) undertaking. The term would, therefore, encompass all such forms of association as the partnership, firm, company, corporation or any of the many varieties of these forms of association or organization. It is usually a legally recognized entity possessing certain characteristics analogous to those of natural persons - i.e., it may enter contractual agreements, have bank accounts, be liable for debts and subject to taxes. Organized in certain forms, the legal entity has exactly the standing in law as a natural person - e.g., the corporation or limited liability company. In some cases the legal entity may be indistinguishable, in the senses mentioned above, from the individual owning the enterprise -

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<sup>18/</sup> E/CN.3/L.50.

<sup>19/</sup> E/CN.3/259.

this might be true, for example, for the individual proprietorship. In many countries any individual or association doing business with the public is obliged to register with some government authority and this registration would serve to identify the individual or association as a legal entity. In those countries, such as the USSR, with a centrally managed economy, the enterprise is defined as the unit having an independent bank account, an independent production plan, the right to enter contractual agreements, and a self-contained system of book-keeping. It is, therefore, a unit very similar (organizationally) to the "legal entity" as defined above.

18. The enterprise may also be defined as a collection of legal entities, bound together by ties of ownership or control. Such a definition is useful for a number of purposes, but to be operationally applicable the "ties of ownership or control" must be defined. Two possible definitions of the enterprise in terms of ownership are suggested in Annex I. The first:

The group of legal entities, bound together by ties of ownership, for which consolidated profit and loss statements and balance sheets are maintained, where "ties of ownership" is defined as more than 50 per cent ownership of the equity (or net worth) of each entity by the other members of the group. In addition to this criterion, it may be desirable and practicable to utilize admitted control of each legal entity by the other members of the group in order to identify the group.

The second definition, broader in scope, dispenses with the requirement that consolidated profit and loss statements and balance sheets be maintained.

19. In most countries the "legal entity" is the unit of reference for tax and regulatory laws and is, therefore, useful as a statistical unit whenever it is necessary or desirable to reconcile the results of an economic inquiry with tax records or other administratively produced data that relate to the legal entity. Often, for example, financial data are gleaned from such tax reporting systems and it is desirable to relate the data from establishment-based industrial and other inquiries to these financial data. Having, in the narrow sector inquiries, identified the parent legal entity to which each establishment belongs would make this relating process both easier and more precise. The legal entity is also, probably, the best definition of the enterprise to use in classifying establishments by kind of legal organization. In most cases, of

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course, the subsidiary legal entity will have the same form of legal organization as its parent, but this is not always true.

20. The enterprise defined in terms of ownership and the existence of consolidated financial accounts is also a useful statistical unit. It is, for example, more nearly the "real" economic unit - that is, the unit which is the independent participant in economic life. As a concomitant of this, the financial data relating to such a unit are less apt to contain artificialities that might appear, say, in the accounts of a legally independent but wholly owned subsidiary entity. In some instances, too, it may be a more practical unit than the "legal entity". The various activities of a business may, for example, be set up as legally independent entities as a matter of convenience or to minimize taxes or certain kinds of risk. A business may, for instance, not wish to have all of its activities jeopardized by the failure of any single one. In such a situation it may be advantageous to organize each activity as an independent corporation or limited liability company even though all are operated from a single central office.<sup>20/</sup>

21. The suggestion that industrial establishments be classified by economic organization was made primarily with a view to providing data for the study of concentration of control of industry. For such studies it would obviously be desirable to trace the threads of ownership and control as far as possible. For this limited purpose it would not be necessary to require that any particular records or items of data be available relating to this very broadly defined enterprise; it would be sufficient simply to define and identify the ownership or control relationships involved. The definition and identification of ownership and control ties, however, as noted by several countries, may be extremely difficult. The broad definition of the enterprise may also be useful in identifying certain central ancillary units such as central offices, transport pools, warehouses and own-account construction groups that may serve more than one subsidiary legal entity.

22. It is suggested below<sup>21/</sup> that it is often useful to identify the source of goods and services received by the subsidiary establishment as well as the

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<sup>20/</sup> Such arrangements are probably more common in shipping and the distributive trades than in industry.

<sup>21/</sup> See paras. 37-39.

direction of its shipments in order to measure the magnitude of its transactions with other establishments of the same enterprise as opposed to its direct transactions outside the enterprise. While it is apparent that a change in the definition of the enterprise will change the group of establishments considered to be within the same family, the "best" definition to use will depend on the purposes for which these data are sought. If, for example, the objective is to identify the shipments of the establishment that would be subject to a turnover tax, and the turnover tax is applied to the legal entity, then it is the legal entity definition that is most appropriate. If, on the other hand, the objective is to distinguish shipments that are a result of the play of market forces from those that result from an administrative decision within the enterprise, this type of enterprise-unit may not be the most appropriate.

23. In The Statistical Unit in Economic Inquiries<sup>22/</sup> it is suggested that countries consider the establishment of a consolidated directory or register of economic units. A directory of this kind would, ideally, identify each enterprise defined in the broadest practicable fashion; and within the enterprise so defined, the constituent "legal entities", kind of activity units and establishments would be delineated. Such a directory would, almost automatically, solve most of the problems mentioned above.

24. Comments were also received regarding the proposal to classify separately enumerated ancillary units to the activity of the establishment served. While the proposals suggest that separately enumerated ancillary units engaged in industrial activities be either classified to their own activity or double classified (both the activity of the establishment(s) or kind-of-activity unit(s) served and to their own activity)<sup>23/</sup> the comments indicate that it is perhaps necessary to include an additional suggestion. In the revised standards, therefore, it is proposed that supplementary tabulations be made showing all separately enumerated ancillary units classified by their own activity.

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<sup>22/</sup> E/CN.3/259.

<sup>23/</sup> See E/CN.3/L.40/Rev.1, para. 30 and Annex I, para. 15, parts (b) and (c).

IV. ESTABLISHMENT CHARACTERISTICS<sup>24/</sup>

25. The criterion of establishment size proposed in E/CN.3/L.40/Rev.1 was the same as that suggested in the International Standards in Basic Industrial Statistics<sup>25/</sup> previously adopted by the Statistical Commission. Size, according to these recommendations, should be measured in terms of the total number of persons engaged during a particular period. The comments of a number of countries, however, contain the suggestion that a better measure of size would be average number of persons engaged over the inquiry year. Such a measure would eliminate distortions caused by the varying seasonality pattern of different industries. In view, however, of the practical difficulties often encountered in trying to collect, for more than one period, figures for categories of engaged persons other than employees, it is proposed that size be determined as the sum of "average number of employees" and "number of working proprietors", "unpaid family workers" and "homeworkers"<sup>26/</sup> counted as of a single period. It should perhaps be emphasized in this connexion that it would rarely, if ever, be advisable to request that respondents report average employment. Where averages are required, employment during several periods of the reference year (as suggested in the proposed standards)<sup>27/</sup> should be collected. It has been pointed out that for selected industries (e.g. sugar mills) which are highly seasonal, it may be advantageous to supplement these size classifications by size classifications based on number engaged at the time of peak employment during the inquiry year.

26. It has also been noted that employment is not the only criterion of size, since value added or gross output may depend more on the level of capital investment in the industry than on employment. It is, however, precisely these differences - between industries within a country and between countries - in value added, output, etc. for each size group established in terms of number of engaged that are of particular interest both for national and international use. In addition, of course, size criteria in terms of number of engaged, but not in terms of gross output or value added, can be consistently defined for

<sup>24/</sup> See Annex II and E/CN.3/L.40/Rev.1, paras. 32-39.

<sup>25/</sup> Statistical Papers, Series M, No. 17.

<sup>26/</sup> See also para. 28 below for proposed treatment of "homeworkers".

<sup>27/</sup> See Annex II, Part II, para. 30.

international and national use. This is so because fluctuations in price influence the amount of gross output or value added markedly. Also, differences between industries, and over time, in the ratio of gross output to value added limit the usefulness of value of gross output as a criterion of size. None the less, it is true that classification of establishments by other size criteria such as value added and gross output are interesting and useful for many purposes and this fact is indicated in the revised proposals. A few countries, too, have used employment together with the use of power equipment as a criterion of size for the purpose of distinguishing essentially handicraft operations from factory-type establishments.

27. In recognition of the fact that forms of legal organization varied widely from one country to another, but that within each country classification of data by legal organization was important, the recommendation concerning the collection and compilation of this information<sup>28/</sup> was intended to contain illustrative types of organizational patterns rather than a definitive list. The comments received indicate, however, that more emphasis should be placed on the desirability of distinguishing between state or government owned units and private industry and the pertinent proposal has been altered accordingly. It should be recognized, however, that difficulties may be encountered in defining "government ownership" in precise terms. In some countries, for example, it is not uncommon to have an enterprise jointly owned by government and private interests. It may be desirable in such cases to make use of a special category for these jointly owned businesses. It should also be noted that because of the difficulties of arriving at internationally comparable categories for type of legal organization, this item of data has been made optional.

#### V. EMPLOYMENT AND MAN-HOURS

28. A number of countries suggested that homeworkers be excluded from the count of number engaged due to the difficulty of identifying these persons and distinguishing them from proprietors of independent establishments doing contract work. It is known, however, that certain nations, because of legal provisions

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<sup>28/</sup> E/CN.3/L.40/Rev.1, Annex II, para. 8-9.



or the systematic organization of homeworkers, do not experience this difficulty and prefer to collect data regarding such workers. It is proposed, therefore, that "homeworkers" be made an optional category within the count of numbers engaged. It should be noted, however, that the choice of treatment of homeworkers in the count of number engaged will entail certain consequential changes in the categories "wages and salaries" and "cost of contract and commission work done by others". That is, if homeworkers are not included as persons engaged, the payments to such homeworkers should be excluded from "wages and salaries" and included in the "contract and commission work" category. If the homeworkers are included among persons engaged, payments to them should be separately noted under "wages and salaries" and excluded from "cost of contract and commission work". In view of the present optional nature of this category, it is suggested that each country specify the treatment of homeworkers when publishing data for the industrial surveys.

29. A suggestion was received from one country that all persons related to the proprietor of a business and living in his household while working in the business should be counted as family workers regardless of how or whether paid. A major difficulty with including family workers who are paid a regular wage or salary in this category, rather than with "employees", is that the relationship between "wages and salaries" and employment would be upset. Further, the proposal that only those family workers not receiving regular pay be counted in this category is in closer agreement with the recommendations in the field of agricultural censuses as well as with customary national practice. For these reasons the proposal has not been changed.

30. Comments were received indicating that the definition of operatives and related workers was not entirely clear - particularly with regard to the treatment of certain peripheral categories of workers such as truck drivers engaged in transporting products of the establishment. Of course, if the establishment has been delineated to include the transport function,<sup>29/</sup> truck drivers would - by the proposed definition - be considered operatives. There

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<sup>29/</sup> That is, where the transport activities of the establishment were not sufficiently important or organized in such a way that they constituted a separate establishment.

remains, however, the question of whether one would invariably wish to treat such personnel as operatives for some purposes for which "operatives" data are needed. The aim here, however, is to establish a definition which can be applied by the vast majority of countries with fairly consistent results. At the same time it is recognized that for many purposes national authorities may wish to collect data for sub-divisions of the "operatives" category, when such sub-categories can be uniformly specified and reported in their countries. In the USSR and several other countries of Europe, for example, certain categories of workers can be specified with great precision. In examining these specifications, however, it is apparent that across national boundaries there is little or no uniformity either in the kinds of workers specifiable or in the definitions of such categories. It is felt, therefore, that the category "operatives", defined along the lines proposed - even though a more heterogeneous category than might be wished for - is the most homogeneous group obtainable on an international basis.

31. A number of countries have indicated that business records showing employment by age frequently do not exist and that consequently the cost of distinguishing between adults and juveniles may be too high in terms of the usefulness of that information. As a result this recommendation has been made optional.

32. It was pointed out by one country that with the growth of mechanization and automation in industry, the distinction between operatives and certain engineering and technical personnel become less important. Further, it was noted that productivity studies undertaken in a broad context might require the addition of man-hour figures for these technical groups to the man-hour data for operatives. While man-hour figures for groups other than operatives and related workers would often be of value (particularly so in the under-developed countries), it has been found that records on man-hours are generally available only for the latter group. Also, in terms of productivity analyses, increased productivity resulting from technological changes which are reflected by the ratio of output to man-hours worked by operatives is itself of considerable interest.

#### VI. CAPACITY OF MACHINERY AND EQUIPMENT OTHER THAN POWER EQUIPMENT

33. In previous drafts of these proposals it was intended that the collection of these data be optional. Comments received, however, indicate that some countries wish to have this fact more clearly stated. On the other hand, some other countries have suggested that the recommendation should be strengthened and supplemented by a standard list of certain types of machinery together with recommended measures of capacity or size. At the present time, however, it would not be possible to develop such a list or classification of machinery that could be internationally used - and indeed the task would be formidable even for a single country. This recommendation, therefore, remains optional.

#### VII. EXPENDITURES ON FIXED ASSETS

34. A question has been raised regarding the following related proposals that concern the treatment of construction and the production of heavy capital goods with a long production cycle - (a) the proposed exclusion from capital expenditures of progress payments on heavy capital goods being manufactured to order (e.g., ships, locomotives, turbines, etc.); (b) the proposed inclusion in "inventories of work in process" of that portion of the work put in place on such goods against which progress payments have been made (together with, of course, that portion against which progress payments have not been made); and (c) the proposal that the production rather than the shipments approach be used to measure output in these heavy industries. The major objection put forward to the proposals outlined is that by so treating work in process in these heavy capital goods industries and in construction, capital formation in fixed assets is underestimated. It will be recalled, however, that the proposals suggest<sup>30/</sup> the collection of the following three items of data for heavy capital goods: (i) value of work in process at the beginning of the inquiry year, (ii) value of work in process at the end of the inquiry year and (iii) finished value of work completed or

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<sup>30/</sup> See Annex II, para. 112. This proposal has been clarified to cover the points here discussed. See also E/CN.3/L.40/Rev.1, Annex II, para. 80.

shipped during the inquiry year. It is now proposed that the value of work in process on heavy capital goods be separately tabulated and distinguished from other kinds of work in process.

35. The foregoing treatment of construction and heavy capital goods has the following advantages - (i) the data for "expenditure on fixed assets" measured at the time of delivery can then relate specifically to additions made to the productive facilities of industry during the year; (ii) the increase (algebraic) over the year in the value of work in process on heavy capital goods can be treated as an addition to capital formation in fixed assets rather than in inventories, if desired; and (iii) the value of work in process on these goods is probably a closer approximation to the "true" value than would be "progress payments" - which may have no direct or clear relationship to the actual value. In applying the proposed treatment of heavy capital goods, change in work in process should, of course, not be included as capital formation in both inventories and fixed assets, and precautions should be taken that buyers of the heavy capital goods do not include progress payments in their figures of capital expenditures. Change in the value of work in process is, of course, always added to shipments in compiling the value of production.<sup>31/</sup>

36. One country also questioned the desirability of separating expenditures on new from those on used fixed assets because of the practical difficulties of drawing this distinction. Although these difficulties are recognized, it is felt that the distinction between new and used fixed assets is required if the figures of capital expenditures are to be used in the compilation of capital formation for the economy as a whole. The suggested separate identification of land in the expenditures for and sales of used fixed assets has, however, been abandoned, and land is now included with "buildings and improvements to land".

#### VIII. INPUT AND OUTPUT DATA AND STOCKS

37. Note has been taken in the proposed revisions of the international standards of the usefulness of distinguishing, within the total value of goods and services received, the value of goods and services received from other industrial and

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<sup>31/</sup> See Annex II, para. 111.

agricultural units of the same enterprise, the value of goods and services received from central warehouses and other central ancillary units of the same enterprise, and the value of goods and services received from outside the enterprise. This item would, of course, be pertinent only to the multi-unit enterprise, and it is suggested that it be added to the standards as an optional item only. There are three reasons for suggesting this addition - (i) from a practical point of view (particularly in countries with little experience in the reporting of industrial data), it has been found that respondents often fail to include the value of materials, etc. received from other units of the same enterprise; (ii) knowing the proportion of the goods received from other units of the same enterprise, it is possible to assess the possible magnitude of any problem there may be in the valuation of intra-enterprise transfers; (iii) this item, together with its complement on the output side, provides a means of tracing the flow of goods and services through the various sectors of the economy and distinguishes flows that pass through the market from those that remain within the integrated enterprises. In the latter connexion it is important to note that in the case of industrial inquiries which are taken independently of wholesale and retail trade surveys, goods shipped by a unit to or on the account of a sales branch of its parent enterprise would be considered to be goods entering the market. On the other hand, when industrial and wholesale and retail-trade inquiries are taken together, these shipments of industrial units would not be so considered since the goods would be recorded as sales to other enterprises by the sales branch. The treatment, in each of the two situations, of goods received by an industrial unit from a central warehouse of its parent enterprise would parallel that of goods shipped by it to a sales branch of the parent enterprise.

38. "Value of sales outside the enterprise", the item previously recommended to measure the participation of the subsidiary establishment in the market, has been made optional and the form of the item has been changed. Its present form parallels that suggested in the previous paragraph for goods and services received by the establishment. It should be noted that the definition of the enterprise will have an impact on the figures reported for this as for the items distinguishing goods received from within the enterprise from those received from outside.<sup>32/</sup>

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<sup>32/</sup> See para. 22 above.

39. These two items - origin of goods and services received and destination of shipments - are really appropriate only for the larger multi-unit enterprise. Further, the manner in which the three categories of "origin" are defined is based on the assumption that central offices and central purchasing units as well as the subsidiary operating establishments of the multi-unit enterprise maintain an account of the goods actually received - i.e., that separate inventory records are available for each unit to which receipts of goods are posted on a current basis. In defining the three categories of "destination", on the other hand, it is assumed that the sales branch of an enterprise (or the central office operating as a sales branch) maintains its records in a manner similar to that of an independent commercial enterprise. It should be noted that this latter assumption is in accord with the recommendations in the field of distribution statistics<sup>33/</sup> which suggests that sales branches be considered within the scope of wholesale or retail trade. And both assumptions are realistic in terms of the way many large multi-unit enterprises maintain their internal accounts. In requesting such data, however, it would be important to test that the question is formulated in a convenient way with respect to the record keeping practices of the few large multi-unit enterprises to which such a question would usually be directed.

40. Questions were raised on the necessity of separately requesting purchases, sales and stocks of goods for resale in the same condition as purchased. It has, of course, always been intended that the cost and sales of these items be included in computing the value added by the industrial establishment, but the decision to suggest them as separate items of data came out of two considerations - (i) it has been found that even where instructions clearly indicate that receipts from the sale of trade goods and their cost were to be included in total receipts and expenditures, respondents did in fact not do this, and (ii) the expressed desire of a number of countries to have a measure of the magnitude of the trade activities carried on by industrial establishments. The majority of countries have on these grounds expressed approval of this proposal. In view, however,

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<sup>33/</sup> See International Recommendations in Statistics of Distribution, Statistical Papers, Series M, No. 26, United Nations, New York, 1958.

of the reported difficulties in reporting separately the stocks of goods to be sold in the same condition as purchased, they have been included with stocks of raw materials. For similar reasons, the separation of cost of goods sold in the same condition as purchased from the cost of raw materials, supplies, etc. has been made optional.

41. Several comments were received indicating that the wording of the main item on output was not clear. The item in question is "total value of goods shipped or produced and services rendered to others". "Produced" in this context, of course, refers to production for sale or shipment to other establishments, and the wording has been changed to make this clear. In this connexion it was also suggested that production of intermediate commodities for further processing within the same establishment is often an item of considerable interest. Several countries already collect data on the production and consumption of certain intermediate products in specified industries. The usefulness of collecting such data for intermediate products, while clearly distinguishing these from production for shipment and consumption of goods received from other establishments, has been outlined in the form of an explanatory note in the proposed standards.

42. A number of countries pointed out that it would be valuable to have an internationally established classification and list of commodities that should be individually reported both on the input and output side. While it is agreed that this would be desirable, no such list or classification exists, and to produce them would require research and work over an extended period.

43. As some comments suggested, in defining value added in Annex II the usefulness has been indicated of providing data, if possible, on the contribution of industrial units to both the gross and net domestic product. It is expected that all countries will compile data on value added. In addition, some countries (for example, those of Eastern Europe) can compile data without difficulty on measures of the value of the productive activities more net than value added for units in the industrial sector of their economy. Most countries, however, do not now find it practicable to do this for the statistical units which they utilize in basic industrial inquiries because of the difficulties of gathering and allocating figures of the cost of business services (e.g. advertising, insurance, etc.) among the establishments of kind-of-activity units of multi-unit enterprises and the problems of compiling meaningful figures of depreciation.

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Value added, in the case of these countries, is therefore the closest approximation to the value of the productive activity of industrial units which it is practicable to compile according to relatively homogeneous classes of kind of activity, size, etc. and on a basis consistent with employment, wages and salaries and other items sought in basic industrial inquiries.

#### IX. COMPILATION OF THE RECOMMENDED ITEMS OF DATA

44. It was noted earlier that a change has been made in the presentation of the standards in Annex II. To emphasize the distinction between those items of data definitely recommended at the international level from those suggested as useful, a separate list of the recommended items is set out in part I of Annex II<sup>34/</sup> together with an indication of the items recommended for collection at annual intervals and those recommended for infrequent collection. In addition the items of data recommended for compilation on an internationally comparable basis at annual and infrequent intervals are included in that list. By bringing together the items recommended for tabulation and the items recommended for collection, the relationship between the two is clearer. Also distinguished in this list are the structural items and the simpler items of flow data that are recommended for collection from the smaller establishments enumerated at infrequent intervals.

45. As a result of the above changes, Annex III of the present paper includes only suggested tabulation programmes for infrequent and annual inquiries for the use of countries wishing such guidance.

#### X. PUBLICATION OF SURVEY DESCRIPTIONS AND FACTORS AFFECTING COMPARABILITY

46. Attention has been called to the importance of including with the publication of industrial data adequate descriptions that allow the user of these data to assess their nature. Such descriptions are of value in measuring the consistency of data from one survey to the next within a country as well as their conformance to international recommendations. In the following paragraphs the kinds of information that might be included in the survey publications are discussed.

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<sup>34/</sup> Annex II, Part I, Table A.



47. A description of the coverage and scope of each survey and a definition of the statistical unit in terms of which the field of inquiry was defined should invariably accompany the publication of the survey results. This description should include a statement regarding the source of the data - whether collected directly, garnered from regular administrative records, etc. - and the method of covering the field of inquiry - whether by a full census or a sample. And where sampling has been used, a brief description of the sample design should be given together with the methods of estimation employed and an indication of the probable sampling errors involved. In addition to a description of the intended coverage of the survey, an evaluation of the probable completeness of coverage is useful. In most cases a true measure of the completeness of coverage can be obtained only by means of a field check - usually on the basis of an area sample. But an informed, subjective evaluation of the completeness of any lists or other sources used to identify and locate the desired respondents can be of considerable value.

48. Another important piece of information which should be supplied to the data consumer is a set of the operational definitions used for the items of data collected. Often this information is provided by reproducing in the survey publication a specimen copy of the questionnaires and basic instructions given to respondents. As essential to understanding the meaning of the data presented are detailed descriptions of the classification schemes utilized for kind of economic activity, geographic area, size, etc. This information can usually be furnished by setting out the details of each of the pertinent classifications when publishing the results of the inquiry.

49. Non-response is almost invariably a problem in any statistical survey and the treatment of that non-response can have a significant effect on the usefulness of the final results. Non-response in an industrial survey is of two kinds - (i) certain establishments fail to submit questionnaires and (ii) certain questions are not answered by all respondents.<sup>35/</sup> In the first case it is customary to expend considerable effort to make sure that no large or individually

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<sup>35/</sup> This, of course, does not include answers of "zero" or "none" which in this context would be considered acceptable responses.

important establishment fails to submit the required data, but below a certain size level it may not be worthwhile to devote the resources necessary to obtaining questionnaires from all. It is important, however, to make use of the knowledge that these non-respondents exist and to find some means of estimating their significance. It is also important to describe in the final survey publication the magnitude of the non-response of this sort and to indicate whether estimations were included in the data to take care of that non-response. For many surveys, of course, a list of the required respondents is available and this list usually contains, in addition to names and addresses, the kind of activity and employment of the establishment at some past date. When available such information can be used to estimate the more important missing items of data - by using the ratio of employment to the item of data needed in similar establishments for which all the data are available, for example.

50. The second kind of non-response, i.e., non-response to particular questions, poses a different kind of problem. Again, of course, it would be customary to try to ensure that all individually important establishments respond to all questions, but for small establishments this would generally not be practicable. Often, unanswered questions can and should be estimated on the basis of other data in the same questionnaire or by reference to the questionnaires of other, similar establishments. In some cases, however, this is not possible - for example, questions on power equipment and stocks, which may vary markedly among otherwise similar establishments and may bear little relation to other items of data given, are very difficult to estimate. Where this is the case, it may be possible to do no more than indicate the extent of non-response for a particular question and give the number of establishments from which acceptable answers to the question were received.

51. In view of the generally recognized importance of including these survey descriptions together with published industrial data, a section outlining the most useful kinds of information that might be published has been added to Annex II.

## XI. CONCLUSION

52. The comments received on the Draft Revisions to the International Standards in Basic Industrial Statistics, E/CN.3/L.40/Rev.1, demonstrate that the national statistical authorities attach considerable significance to these revised standards and that there is broad general agreement with the proposals put forward. Further the need is felt for a revised set of standards that take into account the technical developments and national experience of the past eight years in industrial statistics - standards that will, in particular, provide the framework within which the 1963 world programme of industrial inquiries recommended by the Economic and Social Council can be carried out on a uniform basis. With these points in view, the Statistical Commission may wish to recommend to governments of Member States that they consider the compilation, at annual and less frequent intervals (at least every ten years), of data relating to mining, manufacturing, construction and the production of electricity, gas and steam;

- (i) Taking account of the international recommendations set out in Annex I concerning the field of coverage and the statistical unit in terms of which that field is defined;
- (ii) Including in these compilations, to the extent practicable, the items of data outlined in the international recommendations set out in Annex II, classified by the characteristics indicated, taking account of the definitions of these items of data and classifications included in that Annex;
- (iii) Including in the publication of these data, to the extent practicable, the technical descriptions outlined in the international recommendations set out in Annex II, Part III.

53. The Statistical Commission may also wish to invite the Secretary-General to:

- (i) Call the attention of national statistical authorities to the revised international standards in basic industrial statistics;

- (ii) Prepare technical manuals and comparative studies both to explain the revised standards and to assist the less developed countries to adapt these standards to their needs and resources;
- (iii) Issue, from time to time, studies designed to promote the exchange of ideas and experience in the collection of additional kinds of industrial data (e.g., measures of capacity) and in the development of new methods;
- (iv) Explore the possibility of developing a list of selected raw materials and commodities, uniformly defined, to be used internationally in the collection of data on production and consumption.

54. The Statistical Commission may also wish to invite the Secretary-General to extend his work in this field to current industrial statistics with a view to:

- (i) Formulating a set of recommendations for the collection and compilation of current industrial series, including those that might be used for the short-term prediction of changes in industrial activity;
- (ii) Revising the recommendations adopted at the fifth session of the Statistical Commission relating to index numbers of industrial production.

## ANNEX I

### RECOMMENDATIONS RELATING TO THE FREQUENCY AND COVERAGE OF THE INDUSTRIAL INQUIRIES AND THE STATISTICAL UNIT

#### I. FREQUENCY

1. Comprehensive data relating to the characteristics and activities of industrial establishments should be compiled at least every ten years. For each intervening year, statistics should be compiled relating to the activities of the more important industrial establishments.

#### II. COVERAGE

##### A. INFREQUENT INQUIRIES

2. The industrial data compiled infrequently should relate to all establishments or similar units located within the geographic boundaries of the country, primarily engaged in mining, manufacturing, construction and the production of electricity, gas and steam - i.e., establishments that would be classified in major groups 11 to 51 inclusive of the International Standard Industrial Classification of All Economic Activities.<sup>1/</sup> These data should in principle cover all those establishments which were engaged in the production of goods or services for sale or exchange at any time during the inquiry year.

#### Explanatory Note

3. The aim is to provide, with reasonable accuracy, an analysis of the structure of industry and benchmark data regarding its activities. The coverage of the field envisaged to accomplish these aims may, of course, be attained either through a complete census, a probability sample or derivation of the data for compilation from administrative records, or any combination of these methods which can provide data of the required accuracy at a reasonable cost.

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<sup>1/</sup> The International Standard Industrial Classification of All Economic Activities, Statistical Papers, Series M, No. 4, Rev.1, United Nations, New York, 1958.

4. While in principle the field of inquiry should include all establishments or similar units regardless of size, legal or economic organization, the very small units that are not in operation at the end of the inquiry year or at the time of enumeration would normally be excluded. Also, some of the highly industrial countries may find that inclusion of single person establishments within the field of inquiry not warranted because of the insignificant contribution of such units to the total industrial activity of the country. It should be noted, too, that small or household units engaged in industrial activities entirely for own consumption are to be excluded from the field of inquiry. If, however, the unit produced any goods for sale or exchange, then all industrial activities of the unit should be reported - including that part of their production intended for own consumption.

#### B. ANNUAL INQUIRIES

5. Annual compilations of industrial data should cover the more important industrial establishments' kind of activity or similar units' proportion of the country's total industrial activity.

#### Explanatory Note

6. The emphasis here is on obtaining reliable global estimates of industrial activity and, separately, reliable estimates of the activities of the more important industries and, perhaps, of the industrial activity of important regions of the country. The level of reliability required for the various items of data collected will, of course, be a function of the uses to be made of the data. In general it will be essential to include the larger units in the field of the annual inquiry. It may also be necessary to cover the smaller units in important industries where there are few, if any, large establishments. As in the case of the infrequent inquiry, coverage of the field of inquiry may be attained through complete enumeration or, more commonly, through a probability sample or derivation of the data from administrative records.

7. While the aim should be to provide annual estimates covering the whole of industry, practical difficulties may dictate that a programme of annual inquiries be initiated by concentrating on the more important industries.

### III. REFERENCE PERIOD

8. The inquiry year should, in general, be the calendar year for both annual and infrequent inquiries. Where records are kept on a fiscal year basis, however, it may be necessary to accept reporting on this basis.

### IV. THE STATISTICAL UNIT

#### A. Sub-Divisions of the Enterprise

9. Three kinds of units - the establishment, the local unit and the kind-of-activity unit are of particular interest in connexion with the items of data that are proposed for collection and compilation in infrequent and annual inquiries. The industrial establishment is, ideally, an economic unit which engages, under a single ownership or control, in one or predominantly one kind of industrial activity at a single location - e.g. the individual mine, well, workshop, factory, generating station or household. The establishment is distinguished from the enterprise, which is the owning or controlling unit and may consist of one or a number of establishments, although in a great majority of cases the two units will be coextensive. Where the enterprise engages in more than one kind of activity and/or carries on its activities at more than one location, the establishment is defined, in operational terms, as: the combination of activities and resources directed by a single owning or controlling entity toward the production of the most homogeneous group of goods or services, usually at one location but sometimes over a wider area, for which separate records are maintained that can provide the data concerning the production of these goods or services and the materials, labour and physical resources (both direct and indirect) going into this combination of activities. The local unit differs from the establishment in that the restriction on the range of activities is removed - i.e. the local unit is the combination of resources and activities directed by one ownership or management, usually at one location but sometimes over a somewhat wider area. In the case of the kind of activity unit the restraint on the establishment with regard to a singular location is removed and this unit is therefore defined as the collection of establishments within the same enterprise that are engaged in the same main kind of activities.

10. For purposes of the infrequent inquiries a statistical unit is needed which permits classification of the unit to as homogeneous categories of kind of economic activity, geographic area and size as practicable. This unit may be the establishment, or, if its combination of activities is not one that is usually separable, the local unit. Defining the establishment as a unit for which records are maintained that can provide all or most of the items of data required will result in delineating a unit embracing a range of activities that, in most cases, is coextensive with the local unit. A survey can determine the usual combination of activities carried on by establishments in each field of activity. Often this usual grouping or combination of activities provides the basis for defining the scope of the most narrow headings of an industrial classification system. Such a classification might then be employed as a practical tool to define the admissible range of activities that may be combined within a local unit if it is to be considered as a single establishment.

11. For purposes of annual inquiries, classification of the items of data by categories of kind of activity that are as homogeneous as practicable is invariably required, whereas need may not be marked for analysis of these data, according to geographic area. In circumstances wherein it is possible to dispense with regional analyses, it will often be advantageous to relax the single location requirement for those multi-unit enterprises whose record systems make the use of a "kind of activity" unit more convenient. Therefore, in annual inquiries, the establishment, the local units, provided it does not encompass too wide a range of kinds of activity, or the kind-of-activity unit might be utilized as the statistical unit.

12. An ancillary unit provides services primarily to its parent statistical unit (establishment, local unit, kind-of-activity unit) or produces goods and supplies, exclusively or largely for it. These goods or services are not part of the commodities made or services rendered by the statistical unit. It is intended that, in general, these ancillary units be included as an integral part of the statistical unit served (except as noted in paras. 20 and 21 below) and that the statistical unit be classified according to its principal activity.



13. To the extent that the statistical unit comprises activities that are non-industrial, these activities should be included. That is, the aim should be to cover the totality of activities carried on by the unit.

14. The fact that the establishment or kind-of-activity unit is defined in terms of the record keeping practices of business should not be interpreted to mean that the establishment or kind-of-activity unit is simply the unit for which the respondent wishes to report. Once the record-keeping practices of most respondents in an industry group have been used to set realistic boundaries for defining the establishment or kind of activity unit with respect to range of activities, it is important that all respondents conform in all major respects to that definition to the extent practicable.

15. While the recommended statistical unit for the collection of the proposed items of data is the establishment, kind of activity or similar units it may, in the case of the multi-unit enterprise, prove advantageous to collect the data concerning each constituent element through the parent enterprise. Where a kind of activity unit is employed it would usually be necessary to collect the data through the enterprise.

16. In recognition of the practical difficulties of applying the above definition in certain cases, it is suggested that the appropriate statistical unit be defined in the manner described below for the particular situations cited.

a. Separately Located Units Operating Under a Single Control and all Engaging in the Same Activity

17. Mining industry: It is suggested that the most practical statistical unit is the collection of wells, shafts or pits that tap a single field and that are owned and controlled by a single enterprise. Ore processing or beneficiating plants located at the mine site should be reported as an integral part of the unit.

18. Construction industry: In view of the customary movement of labour, capital equipment, etc., from one construction site to another, it is suggested that the enterprise be taken as the statistical unit for this industry. It may, however, be feasible to obtain certain items of data, such as work put in place, related to specific areas.

19. Producers of electricity, gas and steam: Usually it is most convenient to treat the producing plant together with its associated distribution system - including transformer stations - as a single statistical unit.

b. The Definition of Statistical Units Within the Multi-Unit Enterprise

20. It is suggested that within a multi-unit enterprise three types of statistical units be identified and separately enumerated - (i) the individual industrial units that accord with the basic definition of the establishment or kind of activity unit (including the ancillaries associated with these units, except those described under (ii) and (iii)); (ii) large ancillary units that serve more than one unit of the enterprise that are separately located or not operated as an integral part of the establishment or kind of activity unit at the same locations (e.g., a central administrative office, central warehouse, central power station, etc.); and (iii) large ancillary units serving only a single establishment where such an ancillary is located apart from the establishment served. Such separately treated ancillary units should be classified to the main activity of the statistical unit(s) served. It would also be desirable to classify these separately enumerated ancillary units by their own activity and to prepare supplementary tabulations showing these ancillaries classified to their own activity.

21. Special types of ancillary units: Where a particular kind of ancillary function is generally performed by units that fulfil the conditions set down in the definition for an industrial establishment or kind of activity unit, these units should be treated as separate statistical units and classified accordingly. For example, railway repair shops may universally be separately located and satisfy all the conditions for being designated industrial establishments. Such repair shops should then be treated as repair shops and classified accordingly rather than as ancillaries to the transportation industry. Similarly, a separate sales branch of an enterprise, selling the products of industrial establishments of the enterprise, should be considered as an establishment engaged in distribution activities and outside the scope of an industrial inquiry. This would not, of course, preclude the possibility of identifying this sales branch and its relationship to the industrial segments of the enterprise.

B. Enterprise - Type Units

22. The enterprise definition employed should be stated wherever appropriate (e.g., for classification of establishments by economic or legal organization, distribution of establishment shipments between intra-enterprise and other shipments, etc.). Three examples of enterprise definitions commonly in use are given below.

23. The legal entity: Any individual proprietorship or association of persons carrying on a business undertaking - included are all such forms of association as the partnership, firm, company, corporation, or any of the many varieties of these forms of association or organization. In general, this unit is a legally recognized entity possessing the right to conduct business in its own name - i.e., enter contractual agreements, incur liability for debts, establish bank accounts, etc. In those countries where business enterprise is, for the most part, owned and controlled by the government, the "enterprise" is analogous to the "legal entity" - being usually defined as the unit having a single administration with the right to conclude contracts, an independent production plan, an independent current bank account, and a self-contained system of bookkeeping with independent balance sheet and profit and loss statement.

24. Two definitions of the enterprise type unit involving ownership: These definitions would not be applicable in countries with a centrally managed economy.

- i. The group of legal entities, bound together by ties of ownership, for which consolidated profit and loss statements and balance sheets are maintained.

"Ties of ownership" is defined as "more than 50 per cent ownership of the equity (or net worth) of each legal entity by the other members of the group." In addition to this criterion, it may be desirable and practicable to utilize admitted control of each legal entity by the other members of the group in order to identify the group.

- ii. The group of legal entities bound together by ties of ownership (as defined above) or admitted control.

Explanatory Note

25. The relative advantages of each of the enterprise-type units defined above depends on the purposes for which, as well as the circumstances under which, it is being utilized. In classifying establishments or similar statistical units by type of legal organization, it is probably best to utilize the legal entity of which the establishment is a part. On the other hand, in classification by kind of economic organization or in tracing the relationships between statistical units of studies of the concentration of ownership and control, it is desirable to employ the broadest group of legal entities bound together by ties of ownership or admitted control. This may also be the case in identifying ancillaries which serve more than one main statistical unit. In the case of distinguishing intra-enterprise shipments from other shipments, the definition that it is advantageous to use depends, in part, on the enterprise-type unit utilized in gathering other data (e.g. turnover taxes, financial statistics, new orders, etc.) with which the data on intra-enterprise and other shipments are to be compared. For uses in connexion with turnover and other tax questions and data, for example, the legal entity may often be the most suitable unit. However, for use in connexion with financial statistics, there are advantages to utilizing the family of legal entities for which consolidated profit-and-loss statements and balance sheets are maintained. In defining the enterprise type unit for purposes of distinguishing markets from other types of flows, there are arguments for utilizing either the legal entity or the broad family of legal entities.

ANNEX II

ITEMS OF DATA AND THEIR DEFINITIONS

I. LIST OF ITEMS OF DATA RECOMMENDED FOR COLLECTION AND  
COMPILATION

1. Set out in Table A below are the items of data recommended for compilation both for infrequent and annual inquiries. It is understood that the data may be compiled by any of the means indicated in Annex I, para. 3 above.
2. The items of data listed are those appropriate to the industrial establishment or kind of activity unit. The list contains data of two types - structural and flow data. Both the structural and flow data are appropriate to the infrequent inquiry, while the emphasis is on flow data at annual intervals. Only the structural items and the simpler items of flow data are suggested for compilation for all establishments enumerated in an infrequent inquiry. The remaining items of flow data will in general be compiled only for the larger establishments or, at most, from a limited sample of the small units enumerated. Only those items of data considered to be important for international use are listed in Table A. Additional items of data useful for national analysis as well as the basic definitions of all items of data, and suggested alterations in these definitions for certain items of data for particular industries, are included in Part II of this Annex.
3. The notations used in Table A are as follows:
  - R - An entry of R in columns (1), (2) or (5) indicates that the item is recommended for compilation for the kinds of establishments specified in either infrequent or annual inquiries.
  - I - An entry of I in columns (3), (4) or (6) indicates that the item should be published, classified by the specified characteristics of the statistical unit and that, for international comparability, the industrial classification utilized should be convertible to the International Standard Industrial Classification of All Economic Activities<sup>1/</sup> at the three-digit (group) level. The size criterion

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<sup>1/</sup> Statistical Papers, Series M, No. 4, Rev.1.

and at least some of the size classes should be those recommended in Part II. An entry of I\* indicates the items of data that would generally be compiled only for the large establishments - i.e., without the inclusion of estimates for the smaller establishments for which it is not suggested that the item in question be compiled.

Table A

Items of Data	Infrequent Inquiries				Annual Inquiries Covering the Larger Statistical Units 1/	
	To be Gathered		To be Compiled for All Establishments Except Where Asterisked		To be Gathered	To be Com- piled By Industry
	For the Larger Establishments	For the Smaller Establishments	By Industry	By Industry and Size Class 2/		
<b>A. Establishment Characteristics</b>						
1. Kind of activity (industry)	R	R			R	
2. Kind of economic organisation	R	R				
3. Location	R	R				
<b>B. Number of Establishments<sup>3/</sup></b>			I	I		
<b>C. Employment, Man-hours and Wages Salaries</b>						
1. Total number of persons engaged during a single period of the inquiry year <u>4/</u> , distinguishing:	R	R	I	I		
a. Number of working proprietors active business partners or self-employed <u>4/</u>	R	R				
b. Number of unpaid family workers <u>4/</u>	R	R				
c. Number of home workers <u>4/</u> This item is optional <u>5/</u>	X	X				
d. Number of employees <u>4/</u>	R	R	I	I		
i. Operatives <u>4/</u>	R		I*			
ii. Administrative, technical, clerical and other employ- ees <u>4/</u>	R		I*			
2. Number of employees engaged du- ring several specified periods of the inquiry year	R	R			R	
a. Operatives	R				R	
b. Administrative, technical, clerical and other employees	R				R	
3. Average number of employees en- gaged during the inquiry year <u>6/</u> and separately:			I			I
a. Operatives			I*			I
4. Average number of persons enga- ged during the inquiry year <u>7/</u>			I	I		
5. Number of man-hours worked by operatives during the inquiry year	R		I*		R	I
6. Wages and salaries						
a. Paid to all employees during the inquiry year, and separately:	R	R	I	I	R	I
i. To operatives	R		I*		R	I
ii. To administrative, tech- nical, clerical and other employees	R		I*		R	I
b. Paid to homeworkers. This item is optional <u>5/</u>	X	X	X	X	X	X

Items of Data	Infrequent Inquiries				Annual Inquiries Covering the Larger Statistical Units 1/	
	To be Gathered		To be Compiled for All Establishments Except Where Asterisked		To be Gathered	To be Compiled By Industry
	For the Larger Establishments	For the Smaller Establishments	By Industry	By Industry and Size Class 2/		
<b>D. Capacity of Power Equipment (in use and in reserve) Installed as of a Given Date during the Inquiry Year 3/</b>			I	I		
1. Capacity of prime movers sub-divided as to whether or not driving electric generators.	R	R	I			
2. Capacity of electric motors sub-divided as to whether or not driven by purchased electricity. 8/	R	R	I			
3. Capacity of electric generators. 2/	R		I*			
<b>E. Fixed Assets</b>						
1. Total cost of new fixed assets acquired from others or produced during the inquiry year	R	10/	I*	I*	R	I
a. Machinery and transport and other equipment	R	10/	I*	I*	R	I
1. Acquired from others	R	10/			R	
ii. Produced for own use	R	10/			R	
b. Buildings, improvements to land and other construction	R	10/	I*	I*	R	I
1. Acquired from others	R	10/			R	
ii. Produced for own use	R	10/			R	
2. Total cost of used fixed assets acquired during the inquiry year	R	10/			R	
a. Machinery, transport and other equipment	R	10/			R	
b. Buildings, improvements to land, other construction and land	R	10/			R	
3. Total value of sales during the inquiry year of fixed assets used by the establishment	R	10/			R	
a. Machinery, transport and other equipment	R	10/			R	
b. Buildings, improvements to land, other construction and land	R	10/			R	
4. Gross additions to fixed assets during the inquiry year (Items 1 + 2 - 3)			I*	I*		I
a. Machinery, transport and other equipment			I*			I
b. Buildings, improvements to land, other construction and land			I*			I
<b>F. Value of Stocks at the Beginning and End of the Inquiry Year of: 11/</b>						
1. Raw materials, fuels, supplies, etc. (including goods to be sold in the same condition as purchased)	R		I*		R	I
2. Work in process	R		I*		R	I
3. Finished goods produced	R		I*		R	I



Items of Data	Infrequent Inquiries				Annual Inquiries Covering the Larger Statistical Units <u>1/</u>	
	To be Gathered		To be Compiled for All Establishments Except Where Asterisked		To be Gathered	To be Com- piled By Industry
	For the Larger Establishments	For the Smaller Establishments	By Industry	By Industry and Size Class <u>2/</u>		
G. Quantity of Electricity Con- sumed during the Inquiry Year <u>12/</u>			I	I		I
1. Quantity and cost of elec- tricity purchased	R	R	I		R	I
2. Quantity of electricity generated	R	R	I		R	I
3. Quantity and value of elec- tricity sold <u>9/</u>	R		I*		R	I
H. Cost of Goods Received or Con- sumed and Payments for Services Rendered during the Inquiry Year						
1. Total cost of raw materials, supplies, components, etc. (excl. fuels) <u>13/ 14/</u>	R	<u>10/ 15/</u>	I*		R	I
2. Quantity and cost of indivi- dually important materials <u>14/</u>	R	<u>10/ 15/</u>	I*		R	I
3. Total cost of fuels <u>14/</u>	R	<u>10/ 15/</u>	I*		R	I
4. Quantity and cost of indivi- dually important fuels <u>14/</u>	R	<u>10/ 15/</u>	I*		R	I
5. Total cost of goods to be sold in the same condition as purchased (optional)	R	<u>10/</u>			R	
6. Total cost of contract and commission work, of an in- dustrial nature, done by others <u>5/</u>	R	<u>10/</u>			R	
7. Total cost of repair and maintenance work done by others	R	<u>10/</u>			R	
I. Total Value of Goods Shipped or Produced <u>16/</u> and Receipts for Services Rendered to <u>17/</u> Others during the Inquiry Year		R				
1. Total value of products of the establishment <u>16/</u>	R	<u>10/ 15/</u>	I*		R	I
2. Value and quantity of indivi- dually important products <u>16/</u>	R	<u>10/ 15/</u>	I*		R	I
3. Total sales value of goods shipped in the same condi- tion as purchased	R	<u>10/</u>	I*		R	I
4. Total receipts from others for work done or services rendered during the inquiry year	R	<u>10/</u>			R	
J. Value of Gross Output during the Inquiry Year <u>18/</u>			I	I		I
K. Value Added during the In- quiry Year <u>19/</u>			I	I		I

Footnotes to Table A - Annex II

- 1/ Some countries may find it necessary to include a sample of the smaller establishments in the annual inquiries.
- 2/ Size is defined in terms of "average number engaged". See footnote 7/ and item C.4.
- 3/ "Number of establishments" is generally tabulated together with the other items of data. Where, because of non-response, the item being tabulated relates only to a part of the whole field, the "number of establishments to which the item of data relates" should also be indicated.
- 4/ Figures should be shown separately for men and women and, optionally, for adults and juveniles.
- 5/ If "homeworkers" are not included in number engaged, then payments to homeworkers should be included in item H.6. ("Cost of contract and commission work") rather than item C.6. ("Wages and salaries").
- 6/ Computed from item 2 above.
- 7/ Defined as the sum of "average number of employees" (item C.3) plus number of "working proprietors", "unpaid family workers" and, optionally, "homeworkers". In classifying establishments according to average number engaged, at least 5, 10, 20, 50 and 100 should be used as lower class limits.
- 8/ The capacity of installed power equipment is equivalent to either the sum of the capacity of prime movers not driving electric generators and the capacity of all electric motors or the sum of the capacity of all prime movers and the capacity of electric motors driven by purchased electricity. Because of the difficulties of classifying electric motors according to whether or not driven by purchased electricity it is often advantageous to utilize the first method of computing the capacity of installed power equipment. If this approach is utilized, it will not be necessary to distinguish electric motors by source of energy used.
- 9/ In the case of establishments principally engaged in the production of electricity, items D.3 and G.3 should be requested regardless of size of establishment.
- 10/ If these items are to be requested for the smaller establishments, they should be requested only on a sample basis.
- 11/ See Annex II, Part II for suggested alteration in the categories of stocks for particular industries.
- 12/ For large establishments: item 1 plus 3 minus 4.  
For small establishments: item 1 plus 2.
- 13/ This total should include the cost of any materials received or consumed for the production of fixed assets for own use. If a separate item of data is not compiled on the total cost of goods sold in the same condition as purchased, this cost should also be included in the total cost of raw materials, supplies, etc.
- 14/ If requested on a "consumed basis, data should relate to value of goods acquired from outside the establishment. (See Part II, para. 92)
- 15/ If data on inputs and outputs are to be requested from a sample of the smaller establishments, it would be advantageous to request details as a means of building up the total value figures required even though the detailed data are not to be compiled.
- 16/ If requested on a "production" basis, data should relate to value of goods produced for sale or shipment to other establishments.
- 17/ If the total only is requested for the smaller establishments, it should be defined to include items 1, 3 and 4 listed below.
- 18/ A. For the larger establishments:
  1. If data are requested on a "shipped" basis: Sum of items I.1 (corrected for changes in stocks of work in process and finished goods - items F.2 and 3), I.3, I.4, E.1.a.ii, E.1.b.ii. and G.3.
  2. If data are requested on a "produced" basis: Sum of items I.1 (corrected for changes in stocks of work in process - item F.2), I.3, I.4, E.1.a.ii, E.1.b.ii, and G.3.B. For the smaller establishments: Same as Item I.
- 19/ Indicate whether value added is computed at "factor cost" or "market prices". It is also desirable, if possible, to compile the value of indirect taxes and subsidies so that value added on both bases can be computed. Value added is computed as follows:
  - A. For the larger establishments:
    1. If input data are requested on a "received" basis: Item J less items H.1, H.3 and H.5 (corrected for changes in stocks of raw materials, etc. - item F.1), H.6, H.7 and G.1.
    2. If input data are requested on a "consumed" basis: Item J less items H.1, H.3, H.5, H.6, H.7 and G.1.
  - B. For the smaller establishments:
    1. If data are not requested on inputs: Value added would be estimated on the basis of item J. (value of gross output), taking into account the relation between value of gross output and value added in the smallest size class within the same industry group for which the full range of data is available.
    2. If data in inputs are requested from a sample of the smaller establishments: Value added would be estimated as in A.1 or 2 above without corrections for changes in stocks.

II. DEFINITIONS

4. Set out below is an index to the definitions that follow. Also indicated, where appropriate, is the item number of Table A above at which the item of data appears.

Items of Data	Paragraph number	Item No. of Table A
A. Establishment Characteristics . . . . .	<u>5-14</u>	
a. Kind of activity . . . . .	5	A.1.
b. Size of establishment . . . . .	6-7	
c. Type of operation (optional) . . . . .	8	
d. Kind of economic organization . . . . .	9-10	A.2.
e. Kind of legal organization (optional) . . . . .	11-12	
f. Location . . . . .	13-14	A.3.
B. Number of Establishments . . . . .	15-16	B.
C. Employment, Man-hours, and Wages and Salaries . . . . .	<u>17-36</u>	
a. Number of persons engaged . . . . .	<u>17-29</u>	C.1.
i. Working proprietors, active business partners and self-employed . . . . .	20	C.1.a.
ii. Unpaid family workers . . . . .	21	C.1.b.
iii. Homeworkers (optional) . . . . .	22-24	C.1.c.
iv. Employees . . . . .	25-29	C.1.d.
b. Number of employees and operatives engaged during several specified periods . . . . .	30	C.2.
c. Man-hours worked by operatives . . . . .	31-33	C.5.
d. Wages and salaries . . . . .	34-36	C.6.
D. Capacity of Power Equipment . . . . .	<u>37-44</u>	
a. Capacity of prime movers not driving vehicles or electric generators . . . . .	39-40	D.1.
b. Capacity of electric motors . . . . .	41-43	D.2.
c. Capacity of electric generators . . . . .	44	D.3.
E. Capacity of Machinery and Equipment (Other than Power) (Optional) . . . . .	45-51	
F. Expenditures on and Sales of Fixed Assets . . . . .	52-65	E.
G. Value of Stocks . . . . .	<u>66-77</u>	
a. Raw materials, fuels, supplies, etc. . . . .	<u>67-71</u>	F.1.
b. Work in process . . . . .	72-74	F.2.
c. Finished goods . . . . .	75-77	F.3.
H. Electricity Consumed . . . . .	<u>78-83</u>	
a. Electricity purchased . . . . .	<u>79-80</u>	G.1.
b. Electricity generated . . . . .	81	G.2.
c. Electricity sold . . . . .	82-83	G.3.

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Items of Data	Paragraph number	Item No. of Table A
I. Goods and Industrial Services Received or Consumed . . . . .	<u>84-98</u>	
(alternate) Received . . . . .	84-85	
(alternate) Consumed . . . . .	86-88	
a. Raw materials, components, supplies, etc. . . . .	90-92	H.1./2.
b. Fuels . . . . .	93-94	H.3./4.
c. Goods received that are to be sold in the same condition as purchased . . . . .	95	H.5.
d. Cost of contract and commission work . . . . .	96-97	H.6.
e. Cost of repair and maintenance services provided by others . . . . .	98	H.7.
J. Origin of Goods and Industrial Services		
Received (Optional) . . . . .	<u>99-104</u>	
a. Received from other industrial or agricultural establishments of the same enterprise . . . . .	101	
b. Received from central warehouses . . . . .	102	
c. Received from sources outside the enterprise . . . . .	103-104	
K. Goods Shipped or Produced for Shipment and Services Rendered . . . . .	<u>105-120</u>	
(alternate) Shipped . . . . .	105-108	
(alternate) Produced for shipment . . . . .	109-112	
a. Goods produced or processed . . . . .	114-118	I.1./2.
b. Goods shipped in the same condition as purchased . . . . .	119	I.3.
c. Other receipts for work done or services rendered to others . . . . .	120	I.4.
L. Destination of Shipments and Industrial		
Services (Optional) . . . . .	<u>121-125</u>	
a. Value of shipments to other industrial establishments of the same enterprise . . . . .	123	
b. Value of shipments to, or for the account of, sales branches or central offices of the same enterprise . . . . .	124	
c. Value of other shipments . . . . .	125	
M. Value of All Direct Subsidies Received (Optional) . . . . .	126	
N. Value Added . . . . .	127-128	K.

A. ESTABLISHMENT CHARACTERISTICS

a. Kind of Activity (Industry)

5. The classification of each statistical unit is determined by the principal product produced or processed or service rendered (or group of products or services assignable to the same industry class of the industrial classification). The classification utilized to classify the statistical unit by kind of activity should be the same as, or convertible to, the groups of the International Standard Industrial Classification.<sup>2/</sup>

b. Size of Establishment

6. The size of an establishment should be defined as the sum of "average number of employees engaged during the inquiry year"<sup>3/</sup> and the number of "working proprietors" (para. 20), "unpaid family workers" (para. 21) and, optionally, "homeworkers" (para. 22) as measured during a single specified period of the reference year. In classifying establishments according to number of engaged at least 5, 10, 20, 50 and 100 should be utilized as lower class limits.

Explanatory Note

7. A size criterion based on employment is recommended for the classification of establishments because of its universal applicability and usefulness. It is recognized, however, that other criteria of size (value added, gross receipts, etc.) may also be of value for classifying establishments for particular purposes. It may also be desirable to provide supplementary size classifications of highly seasonal industries according to employment at a period of peak activity during the inquiry year.

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<sup>2/</sup> See the International Standard Industrial Classification of All Economic Activities, Statistical Papers, Series M, No. 4, Rev.1, United Nations, New York, 1958.

<sup>3/</sup> Average number of employees would be computed from the data suggested in B.b., para. 30, below.

c. Type of Operation

8. No specific recommendation is made with regard to distinguishing between factory and other types of operation. Some countries identify small-scale, handicraft establishments on the basis of the owner's membership in particular guilds or societies. In many countries, however, where a generally understood, formal definition does not exist, it may be most practicable to make the distinction between essentially hand-operated, home-centred units and factory-type units by using a criterion composed of size and the use of power - e.g., units engaging fewer than five persons and not having more than a given installed power capacity might be considered as cottage-type industry.

d. Kind of Economic Organization

9. Whether or not the establishment is a part of an enterprise owning or controlling other establishments, the classification should at least distinguish between single and multi-unit enterprises. Multi-unit enterprises might be divided into classes according to the number of constituent establishments. In publishing these data, the definition of the enterprise should be given.

Explanatory Note

10. In order to identify the enterprise to which an establishment belongs, the name and address of the central office of the legal entity to which the establishment belongs should be requested. Similarly, the central office of the legal entity, or the establishment itself, might be asked whether the firm is owned or controlled by another legal entity, and if so, to supply the name and address of the central office of that legal entity. For control or operational purposes, it is also useful to request a list of subsidiary legal entities, establishments and other statistical units utilized (e.g., kind of activity units) from the central offices enumerated.

e. Kind of Legal Organization

11. The legal form of the legal entity which owns the establishment directly. This item is optional, and if sought, the categories utilized should reflect the laws and customs of the country. The classification might distinguish between individual

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proprietorships, partnerships and limited liability organizations (e.g., corporations, joint stock companies, co-operatives, limited partnerships, etc.) and all others. In addition, distinctions might be drawn between privately owned, government or jointly owned enterprises.

12. In socialist countries where the ownership of a large part of industry is vested in the State, more appropriate distinctions might be made on the basis of whether the units are publicly or privately owned, co-operative societies, etc., and if publicly owned, whether under the control of central or local authorities.

f. Location

13. The physical location of the establishment should be identified. The geographic classification should distinguish between successively smaller areas - e.g., economic area, province, village or town, etc.

Explanatory Note

14. It is important for operational purposes to obtain the recognized address to which written communications may be sent. This might be the same as the physical location or the address of a separately located central office. It should be the address to which any queries concerning the establishment can be referred.

B. NUMBER OF ESTABLISHMENTS

15. The distribution of the number of establishments according to certain characteristics - particularly size - provides an important indication of the structure of industry. The most meaningful figure for a count of the population of establishments is the number in business on a particular day within the field of coverage of the survey. If different from "number of statistical units within the field of coverage", "number of statistical units" from which the item of data was obtained" should also be indicated.

Explanatory Note

16. "Number of establishments" might also be collected as an item of data in cases where the kind of activity unit has been used.

C. EMPLOYMENT, MAN-HOURS AND WAGES AND SALARIES

a. Number of Persons Engaged

17. The total number of persons who worked in or for the statistical unit, including working proprietors and active business partners, unpaid family workers and, optionally, homeworkers and separate figures should be shown for these status groups. In some countries, members of producers' co-operatives also need to be shown as a separate status group. The count should relate to the number of persons engaged during a specified period of time - e.g., a pay period or calendar week rather than on a specified day. Included are persons on short-term leave such as sick leave, casual leave or paid vacation and persons on strike; excluded are persons on unlimited leave, military leave or on pension.

18. The figures shown for the total number engaged and for each status group should distinguish between men and women. If desired, a distinction might also be made between adults and juveniles. No standard age is suggested for distinguishing between adults and juveniles. The distinction should be made in accordance with the existing laws and customs of each country.

19. Each status group should be defined as follows:

i. Working proprietors, active business partners and self-employed

20. Include all owners of the enterprise (individual proprietorship or partnership) who are actively engaged in the work of the establishment. Exclude silent or inactive partners and members of a proprietor's family unless they participate in the control and management of the business. (This category is inapplicable to any incorporated enterprise.)

ii. Unpaid family workers

21. All persons living in the household of any of the proprietors of the enterprise and working without regular pay (i.e., without an agreed amount to be paid for work done) in the establishment for at least one-third of the working time normal to that establishment. (This category is inapplicable to any incorporated enterprise.)



iii. Homeworkers (Optional)

22. All persons employed by the establishment (usually on a piece-work basis) who performs the work in their own homes.

23. If homeworkers are included in the count of number engaged, then the payments to homeworkers should be included as wages and salaries and separately noted. If homeworkers are not included in the count of number engaged, then payments to homeworkers should be excluded from wages and salaries and included with "cost of contract and commission work done by others" (see paras. 35 and 97 below).

Explanatory Note

24. If the "homeworker" is defined in the laws of the country, this definition should be used in the industrial inquiry. Criteria that might be utilized to determine whether a person should be included in this category are: whether he is working for only one or two establishments; whether his materials are supplied by the establishment; whether the work is done to the establishment's specifications; legal responsibility of the establishment for the person - e.g., for social insurance contributions, etc. Identification of these persons is sometimes so difficult in practice that it may be desirable to omit this category and treat all such persons as proprietors of independent establishments. (This category is not applicable to the mining, construction or utility industries.)

iv. Employees

25. All persons who do work in the statistical unit for which they receive pay and persons working away from the unit when paid by and under the control of the unit - for example, sales representatives, travelling engineering representatives, travelling maintenance and repair personnel, etc. (It should be noted that difficulties may be encountered in determining whether or not sales representatives are employees.) Also included are salaried managers and directors of incorporated enterprises except when paid solely for their attendance at board meetings. The category "employees" is intended to include all persons engaged other than employers, unpaid family workers and homeworkers.

26. Figures for number of employees should be shown to distinguish between the following functional groups.

27. Operatives: All employees who are directly engaged in the production activities of the unit - from the receipt of materials at the establishment to the point where the product leaves the establishment. Included are any clerical or working supervisory personnel whose function is to record or expedite any step in the production process. Employees similarly engaged in units ancillary to the reporting establishments should also be included as are persons engaged in truck driving, repair and maintenance, etc. Examples are persons engaged in fabricating, processing or assembling; shop messengers, stokers and shop cleaning personnel, warehousemen, packers, repairmen, shop testing and record-keeping personnel, inspectors, etc. (This category will not be applicable for the central administrative office of a multi-unit enterprise or the smaller statistical units.) Within the category "operatives" it is suggested that the following distinctions may be made for the types of units cited.

For all units, except those in the construction industry and ancillary construction units serving more than one units serving more than one unit of a multi-unit enterprise, operatives wholly engaged in force account construction work (i.e., construction for own use) for the establishment might be shown separately.

For units engaged in mining activities, underground workers should be shown separately from other operatives. The determination of what constitutes an underground worker should be made according to the laws of each country.

For units engaged in the production of gas, electricity or steam, operatives directly engaged in the plant where electricity, gas or steam is produced might be shown separately from other operatives.

In addition, it may be useful, in the case of any type of statistical unit, to sub-divide operatives according to functional categories (e.g., fabrication, processing and assembling; transportation and warehousing, repair and maintenance, etc.). If this is done, it is important to limit the number of categories as much as possible and to define each category precisely and clearly.

#### Explanatory Note

28. In the definition above, operatives are conceived of as all those persons whose physical presence is required at any point of the production process, from the receipt of raw materials up to the point where the product leaves the

establishment. Although this conceptual basis for distinguishing operatives differs somewhat from the manual versus non-manual concept originally employed, the actual difference in reporting would be slight. Further the proposed definition accords better with the kind of distinction made in payroll records which are the usual source of these data.

29. Administrative, technical, clerical and other employees: All employees other than operatives. Examples are salaried managers and directors, laboratory and research workers, clerks, typists, watchmen, bookkeepers, administrative supervisors, salesmen, etc.

b. Number of Employees and Operatives Engaged During Several Specified Periods of the Inquiry Year

30. Employees and operatives are defined as above. The number of time periods for which these figures are requested will vary with the known seasonality pattern of each industry. In general, a time period (calendar week or payroll period) centred in each quarter is suggested.

c. Man-hours Worked by Operatives During the Inquiry Year

31. The total number of hours actually spent at work in the establishment, including waiting time. Since it is hours worked rather than hours paid for, time spent on vacation, casual or sick leave should be excluded.

Explanatory Note

32. If complete payroll records are available and payments are made on an hourly basis, the man-hour figures may be obtained from these records, provided appropriate corrections are made for periods of non-attendance. In the absence of adequate records, the following techniques of estimation might be employed:

- (i) Where records show number of shifts per day and number of operatives per shift, an estimate of man-hours worked each day may be made. The addition of these daily estimates over the inquiry year produces the desired figures.
- (ii) Where records show only number of shifts worked for each period, an estimate of hours worked by each shift will have to be made. The addition of the estimates made for each period over the inquiry year yields the man-hours

estimate sought. This technique of estimation is most often applicable to the mining and construction industries in countries where these industries make extensive use of contract labour.

(iii) Request the reporting of man-hour data for several short, specified periods spread throughout the inquiry year (e.g., for the four payroll periods centred in each quarter). From this information an estimate of the average man-hours worked per quarter (or per month) can be computed.

33. For the smaller statistical units where operatives and other employees cannot be distinguished, it might be of value to collect man-hour data for the total number of persons engaged. The difficulty of obtaining an adequate response from the small unit regarding man-hours worked may, however, be considerable.

d. Wages and Salaries Paid During the Inquiry Year and During the Single Period Specified for the Count of Numbers Engaged

34. Included are all payments, whether in cash or in kind, made by the employer during the inquiry year in connexion with the work done, to all persons included in the count of employees and homeworkers. Include all cash payments, bonuses, cost-of-living or dearness allowances, wages paid during periods of vacation and sick leave; taxes and social insurance contributions and the like, payable by the employee and deducted by the employer; and payments in kind. Lay-off payments, or compensation for unemployment, are included except where such payments are made from trust or other special funds set up expressly for this purpose - i.e., payments which are not made by the employer. Exclude social insurance contributions and the like payable by the employer as well as pension payments, family allowances and similar social benefits.

35. For an infrequent inquiry, figures should distinguish between the same categories of employees defined in paras. 27 and 29 above. For an annual inquiry a distinction should be made between operatives and related workers and other employees. In all cases, if homeworkers are included in the count of numbers engaged, wages and salaries paid to homeworkers should be shown separately from wages and salaries paid to employees.

36. It may also be desirable to collect separate figures on that part of the wages and salaries paid which was deducted by the employer for obligations of the employee - i.e., for social security, withholding taxes, etc. Also data might be

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collected regarding the employer's contributions to social security schemes, pension funds, family allowances and the like - those contributions that are directly attributable to the labour employed.

D. CAPACITY OF POWER EQUIPMENT INSTALLED (IN USE AND IN RESERVE) AS OF A GIVEN DATE DURING THE INQUIRY YEAR, PREFERABLY ON THE LAST DAY OF THE YEAR

37. The total capacity of power equipment installed (both in use and in reserve) is defined as the sum of "capacity of prime movers not driving electric generators" and the "capacity of all electric motors" or the sum of "capacity of all prime movers" and the "capacity of electric motors driven by purchased electricity".

Explanatory Note

38. In obtaining total installed capacity, summing "capacity of all prime movers" and "capacity of electric motors driven by purchased electricity" has in practice some disadvantages over summing "capacity of prime movers not driving electric generators" and "capacity of all electric motors". Electric motors, for example, may be run by purchased electricity at some times and by self-generated current at others.

a. Prime Movers Sub-divided as to Whether or Not Driving Electric Generators

39. All prime movers, mobile or stationary, that are installed as of the reference date except those used to drive vehicles. Included are internal combustion engines, steam engines, water wheels, turbines, etc. The classification of prime movers into those driving electric generators and those driving machinery other than electric generators should be based on the situation as of the reference date. In case the capacity of prime movers driving machinery other than electric generators is insignificant, data may be compiled on the installed capacity of all prime movers driving electric generators only.

40. The capacity should be measured in terms of rated horsepower - i.e., the horsepower indicated by the manufacturer on the nameplate or elsewhere.

b. Electric Motors Sub-divided as to Whether or Not Driven by Purchased Electricity

41. All motors installed as of the reference date and used in connexion with the production activities of the establishment. Included are motors used for driving machine tools and other equipment used in fabricating, assembling or conveying;

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motors driving exhaust fans or air conditioning equipment in the works proper, etc. Excluded are desk fans, non-industrial refrigerating equipment, office air conditioners, etc. The classification of electric motors into those driven by purchased electricity and those driven by self-produced electricity should be based on the situation as of the reference date. If capacity of installed power equipment is computed as the sum of the capacity of prime movers not driving electric generators and the capacity of all electric motors, it would not be necessary to sub-divide electric motors as to whether or not driven by purchased electricity.

42. The capacity should be measured in terms of rated horsepower - i.e., the horsepower indicated by the manufacturer on the nameplate.

Explanatory Note

43. It may, in some cases, be more practicable to limit reporting of electric motors to those above a specified rate capacity, e.g., to those of more than one horsepower.

c. Electric Generators

44. The rated capacity (in kilowatts or kilovolt amperes) of all generators as of the reference date.

E. CAPACITY OF TYPICAL PIECES OF MACHINERY AND EQUIPMENT (OTHER THAN POWER)  
INSTALLED AS OF A GIVEN DATE, PREFERABLY THE LAST DAY OF THE YEAR (OPTIONAL)

45. No general definition can be given for various types of machinery nor the precise measures of capacity that might be most readily collected.

Explanatory Note

46. The number of kinds and types of machinery and equipment is so great that any question regarding machine capacity would normally be restricted to key machinery and to machinery or equipment of a standardized type. Otherwise it is exceedingly difficult to summarize the data collected in any meaningful fashion. Further such queries are generally very difficult for the respondent to answer.

47. Four general categories of machinery and the types of capacity measures which might be appropriate are as follows:

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48. Trucks, lorries, etc.: A number of countries have successfully collected data on this type of vehicle. In general, the rated load carrying capacity is the most appropriate measure to use.

49. Fully automatic machines that are built for one and only one operation:

Examples are automatic spinning machines, automatic looms, blast furnaces, wiredrawing machinery, nail making machines, blooming mills, etc. For such machines precise capacity measures in terms of units of output per unit of time should be specified - e.g., blast furnaces might be rated in terms of maximum number of tons of iron per day which the furnace can produce.

50. Machinery and equipment built for only one operation, but whose output depends on the speed of the operator(s): Examples are cupola furnaces, power shovels and drag-line excavators. For this type of equipment, size measures may be most appropriate - e.g., power shovels or drag-line excavators would be reported by the cubic capacity of the scoop.

51. General purpose machinery which is capable of a variety of jobs and whose output will depend both on the type of job and the speed of the operator: Examples are machine lathes, planers, drill presses, shapers, etc. While size measures might be specified for certain of these machines, it is not possible to suggest any meaningful measures of capacity in terms of units of output per unit of time.

F. GROSS EXPENDITURE ON FIXED ASSETS AND SALES OF FIXED ASSETS DURING THE INQUIRY YEAR

52. The value of all acquisitions during the inquiry year of physical assets which are expected to have a productive life of more than one year and that are intended for use by the establishment (land, buildings, machinery, equipment and vehicles). Included are major additions, alterations and improvements that extend the normal economic life or raise the productivity of the assets. Also included is the value of fixed assets made by the statistical unit's own labour for its own use and additions and improvements to fixed assets carried out by the unit's personnel. Titles to wealth and expenditures for repair and maintenance are excluded. Acquisition of fixed assets on a rental basis is also excluded.

53. It should be noted that certain costs may be considered as expenditures on fixed assets in one case and as current costs in another. The cost of sinking an

exploratory mine shaft is, for example, a current cost, while the cost of sinking a shaft to open up and work an ore deposit would be considered a capital expenditure. Similarly, the costs of producing a machine for sale are current costs, while the costs of producing the same machine for one's own use are counted as capital expenditures.

54. Acquisitions from others should be valued at full cost incurred, i.e., at the delivered price plus the cost of installation, including any necessary fees and taxes but excluded financing costs. A transaction should be recorded only on the completion and delivery of the fixed assets to the statistical unit's control. For fixed assets produced by the unit for its own use, the cost of all work put in place during the year should be recorded, whether these assets are completed or not, and the cost of the labour, materials and, if possible, the overhead costs should be included. In all cases, engineering or architectural fees and the like should be included in the value of the fixed assets.

55. The value of sales of used fixed assets should comprise all disposals of fixed assets which have been used by the statistical unit regardless of their condition, valued according to the proceeds received for them.

56. In practice, where capital accounts are maintained, expenditures charged to fixed assets accounts during the reference year would be reported and, in general, these are the figures that should be requested, excluding any progress payments charged to these accounts for undelivered assets. (See also paras. 111 and 112).

#### Explanatory Note

57. For the multi-unit enterprise, expenditures for fixed assets that are not allocable to one of the subsidiary statistical unit should be recorded as acquisitions of the central administrative office as should expenditures on new plant not in operation during the inquiry year. Fixed assets produced by one unit for the use of another unit in the same enterprise should be recorded at the time of completion and delivery to the control of the using unit and, ideally, valued as though purchased from outside the enterprise.

58. For statistical units where no capital accounts are maintained, it may be desirable to request separate reporting of expenditures on major alterations and improvements in order to ensure that this expenditure is not overlooked.



a. New Fixed Assets Acquired From Others

59. New fixed assets include all those that have not been previously used in the country. Thus, newly imported fixed assets are considered as new whether or not used before they were imported.

60. Data should be shown to distinguish between expenditures on (i) machinery and transport and other equipment (including all durable industrial and office equipment, furniture, transportation equipment, etc.) and (ii) buildings and improvements to land (including industrial, office, commercial and other buildings, roads, docks, tracks, fences, blast furnaces, brick kilns, site preparation, petroleum refineries, etc.).

b. New Fixed Assets Produced on Own Account

61. Data should be shown distinguishing the same sub-groups as for new fixed assets acquired from others.

c. Used Fixed Assets Acquired from Others

62. Used fixed assets include all those that have been previously used within the country.

63. Data should be shown to distinguish (i) machinery and transport and other equipment and (ii) buildings, improvements to land and land.

d. Sales of Used Fixed Assets

64. All disposals of fixed assets which have been used by the statistical units, regardless of their condition, valued according to the proceeds received for them.

65. Data should be shown to distinguish (i) machinery and transport and other equipment and (ii) buildings, improvements to land and land.

G. VALUE OF STOCKS AT THE BEGINNING AND END OF THE INQUIRY YEAR

66. Value of all inventories owned by the enterprise and held by or under the control of the establishment or kind of activity unit (at the unit itself, in ancillary warehouses or other warehouses). Value of stocks to be reported for the beginning and end of the inquiry year. Figures reported should distinguish between the following categories of stocks.

a. Raw Materials, Fuels, Components, Supplies, Etc. (Including Goods Ordinarily Sold in the Same Condition as Purchased)

67. All raw materials, components, etc., that enter into the product as well as fuels and containers, repair, maintenance, office and other consumable supplies. Also included are raw materials, etc., for use in own account construction and materials owned by the establishment or kind of activity unit but held by others for processing. Excluded are all materials owned by others, but held by the statistical unit for processing.

68. Where systematic accounts are maintained, the book value of the inventories should be requested. If inventory accounts are not maintained, valuation should be at the delivered (laid down) price of each item for the last transaction made by the establishment or kind of activity unit immediately prior to the reference date, excluding any rebates or discounts given by the seller and including any duties or taxes.

Explanatory Note

69. If practicable, it is useful to request separate reporting of "goods ordinarily sold in the same condition as purchased".

70. For the multi-unit enterprise, stocks owned by the enterprise, but not earmarked or allocated to a specific subsidiary establishment or kind of activity unit should be reported as stocks of the central administrative office.

71. For the mining and public utility industries, this category should exclude fuels produced by the establishment.

b. Work in Process

72. The value of all goods and materials that have entered the production process, but are not ready for shipment as of the reference dates. Excluded is work in process on own account construction of fixed assets.

73. Valuation should be at the cost of work put in place, including at least the cost of materials and direct labour. Where accounting records show this category separately, the book value should be requested.

Explanatory Note

74. Where, as suggested (in para. 111), work in process is treated as production in the case of the construction, shipbuilding and heavy machinery industries (those industries with a long production cycle), such stocks would not be reported here.

c. Finished Goods

75. The value of all goods made by the establishment or kind of activity unit that are ready for shipment as of the reference dates. Included are finished goods held by another unit that were processed by that unit from raw materials owned by the enterprise and controlled by the establishment or kind of activity unit. Excluded are finished goods held by the establishment or kind of activity unit that were made from materials owned by others.

76. Where systematic accounts are maintained, the book values should be requested. Otherwise valuation should be at the price at which goods have been shipped immediately prior to the reference dates, excluding rebates or discounts given (For inclusion or exclusion of indirect taxes, see paras. 107, 128).

Explanatory Note

77. For the mining and utility industries, the stocks of fuels produced by the statistical unit should be included.

H. ELECTRICITY CONSUMED

78. The quantity of electricity consumed is defined as the sum of the quantity of electricity purchased and generated less the quantity of electricity sold. Often, however, data on quantity and value of electricity sold are not requested from the smaller establishments, and in that case the quantity consumed is assumed to be equal to the sum of the quantity purchased and generated.

a. Electricity Purchased

79. Quantity (in kilowatt hours) and total cost of all electricity purchased during the inquiry year.

Explanatory Note

80. In principle the electricity obtained from an ancillary power plant treated as an independent statistical unit should be valued as though obtained at the rate normal to the area, but in practice it may be necessary to accept the book value of electricity obtained from such ancillary power plants.

b. Electricity Generated

81. Quantity (in kilowatt hours) of electricity generated, both for own use and for sale to others, during the inquiry year.

c. Electricity Sold

82. Quantity (in kilowatt hours) and total sales value of electricity sold during the inquiry year.

Explanatory Note

83. In principle the electricity supplied to other establishments or kind of activity units of an enterprise by an ancillary power plant treated as an independent statistical unit should be valued at the commercial rate normal to the area, but in practice it may be necessary to accept the book value of this power.

I. GOODS AND INDUSTRIAL SERVICES RECEIVED OR CONSUMED

I. (alt.) RECEIVED

84. All commodities (excluding fixed assets) delivered to the control of the establishment or kind of activity unit during the inquiry year. The definition of "received" should be related to the definition of inventories in the sense that goods should be considered as received at the time such goods would be entered in the inventory account of the statistical unit. Alternatively, goods may be considered as received when the statistical unit has acquired effective control (or right to use) the goods in question. For the single unit enterprise this definition coincides with the time of acquisition of title or time of invoicing.

85. Valuation of commodities received should be at the delivered value (laid down cost) at the statistical unit, including the purchase price, all transport and other charges, and duties, taxes or other levies and excluding discounts, rebates, etc., allowed to the purchaser. Goods received by the statistical unit from other units of the same enterprise should be valued as if purchased - i.e., at market prices. In practice it may sometimes be necessary to accept the values posted to the books for the establishment.

I. (alt.) CONSUMED

86. All commodities owned by the parent enterprise which have entered into the production process of the statistical unit during the reference period.

87. Valuation of commodities consumed should, in principle, be at the delivered value (laid down cost) at the statistical unit, at the time the consumption takes place, of commodities identical to those consumed. Where accounting records show this category, the book value should be requested.

Explanatory Note

88. In practice the value of the commodities consumed would be estimated by using an average price over a period of time. The valuation might be accomplished, for example, by taking the average price of the commodity over each month and applying this price to the quantity consumed during the same month. In many cases, however, time periods longer than one month will have to be accepted.

89. Whether data is obtained on a consumed or received basis, the figures should distinguish between the following categories:

a. Raw Materials, Components, Supplies, Etc.

90. Include raw materials, components, etc., that are physically incorporated in the products. Also include all auxiliary materials (lubricants, water, packaging materials, small tools, parts, materials for repairs and maintenance, etc.), materials for use in own account construction and office supplies.

Figures should be obtained for both the total value of these goods received or consumed and for the value and quantity of individually important materials. If figures of the cost of goods sold in the same condition as purchased are not

gathered separately, these figures should be included with the cost of raw materials, components, etc.

Explanatory Note

91. Where quantity and value of individually important materials are requested on a received basis, it may be desirable to request also the quantity consumed of certain materials, if it is known that stocks of these materials tend to fluctuate widely.

92. In some cases - where the statistical unit's range of activities encompasses several successive manufacturing stages - it may be useful to request, separately, the quantity of selected important intermediate products produced and consumed within the same statistical unit during the reference year. This is particularly the case when the commodities in question are the final products or the raw materials received of many other establishments.

b. Fuels

93. Included are all fuels used by the statistical unit (including gasoline and other fuels for vehicles) except those that directly enter the product (these should be reported as raw materials). As for raw materials, figures should be obtained for both the total value of fuels received or consumed and the value and quantity of individually important fuels.

Explanatory Note

94. For the mining industry, this category should include only fuels that are not produced for sale by the statistical unit. Consumption figures for individual fuels should include the quantities of fuel consumed by the reporting unit out of its own production.

c. Goods Received That are to be Sold in the Same Condition as Purchased

95. Include only those goods, not normally consumed in the statistical unit, that are purchased with the express purpose of resale. The separation of this item from the item on the cost of raw materials, containers, etc. is optional.

d. Cost of Contract and Commission Work

96. Total cost to the enterprise for contract and commission work, done during the reference year, on materials controlled by the statistical unit and owned by the enterprise. The cost (at book value) of all similar work carried out by other statistical units of the same enterprise should be included.

Explanatory Note

97. If "homeworkers" have not been included in the count of number engaged, then any payments made to homeworkers during the reference year should be included here rather than as "wages and salaries". (See also paras. 23 and 35.)

e. Cost of Repair and Maintenance Services Provided by Others

98. Total cost to the enterprise of repair and maintenance services provided to the establishment or kind of activity unit by other units during the reference year. The cost (at book value) of all repair and maintenance carried out by an ancillary repair and maintenance group which has been treated as an independent statistical unit should be included.

J. ORIGIN OF GOODS AND INDUSTRIAL SERVICES RECEIVED DURING THE INQUIRY YEAR BY ESTABLISHMENTS OR KIND OF ACTIVITY UNITS BELONGING TO A MULTI-UNIT ENTERPRISE (OPTIONAL)

99. Included are all goods (excluding fixed assets) received by (as defined in para. 84 above) the establishment or kind of activity unit during the inquiry year, valued as described in para. 85 above. Industrial services provided by other enterprises should be valued at actual cost or, in the case of services provided by other units of the same enterprise, at book value. In publishing these data, the definition of the enterprise should be given.

100. Set out below are the sources of goods and services that should be distinguished.

a. Value of Goods and Services Received From Other Industrial or Agricultural Establishments of the Same Enterprise

101. Included are: the value of goods received from other manufacturing, mining or agricultural units of the same enterprise; the value of electricity, gas or steam supplied by other units of the same enterprise; and the value of repair, maintenance and contract type services supplied by other units of the same enterprise.

b. Value of Goods Received from Central Warehouses, Etc.

102. Included are: the value of goods received from central ancillary warehouses, central purchasing units or central offices of the same enterprise.

c. Value of Goods and Industrial Services Received from Sources Outside the Enterprise

103. Included is the value of all goods and services not received from other units of the same enterprise.

Explanatory Note

104. The central purchasing unit or central office, treated as separate statistical units, would report under "c" above only those goods that were entered into the inventory accounts of these central units.

K. GOODS SHIPPED OR PRODUCED FOR SHIPMENT AND SERVICES RENDERED

K. (alt.) SHIPPED

105. All goods shipped from the establishment or kind of activity unit during the inquiry year (i.e., all goods, the control of which was relinquished during the inquiry year).

106. Valuation of goods shipped should be at the ex-factory, mine, etc. price excluding any transport or delivery charges and any discounts, rebates, etc., allowed to the buyer. In principle, shipments to other units within the same enterprise should be valued as though sold, but in practice it may be necessary to accept the book value of such transfers.



107. Whether indirect taxes levied against goods shipped or services rendered are to be included or excluded from the ex-establishment or ex-kind of activity unit price should always be specified. If possible, it is desirable to request separate reporting of indirect taxes paid or due on goods shipped or services rendered during the reference year. (See also para. 128 below.)

108. Where the statistical unit includes an own-account transport section, the "ex-unit price" will be the price at the point where the unit's own personnel relinquish responsibility for the goods.

K. (alt.) PRODUCED FOR SHIPMENT

109. All goods, owned by the parent enterprise, that have been completed during the inquiry year by the establishment or kind of activity unit for shipment to others.

110. Valuation of the goods produced should, in principle, be at the ex-unit price (see paras. 106-108 above) prevailing at the time the goods were completed. In practice, however, the value of the goods produced would generally be estimated by using an average market price.

111. For industries with a long production cycle (e.g., construction, ship building and heavy machinery), production should be defined as work put in place during the inquiry year. To obtain these data three items of data should be collected - (i) value of work in process at the beginning of the inquiry year, (ii) value of work in process at the end of the inquiry year and (iii) value of work completed (shipped) during the inquiry year. Work in process is valued in the same manner as for inventories of work in process and the value of work completed should be the total cost to the buyer of the completed building, ship, machine, etc. The value of work put in place will be item (ii) plus item (iii) less item (i).

112. In order to provide a complete measure of the capital formation in fixed assets of this type - i.e., goods characterized by a long production cycle - it will be useful to publish separate data for the value of work in process, at the beginning and end of the inquiry year, for structures and heavy machinery. The change in the value of work in process might then be utilized in combination with

figures of capital expenditures to compute capital formation in fixed assets for the economy as a whole. The value of work in process on these goods at the beginning and end of the inquiry year will also be useful in measuring the inventories held by these industries.

113. Whether data are obtained on a shipment or production basis, the figures should distinguish between the following categories:

a. Goods Produced or Processed by the Establishment

114. This category relates to goods produced by the statistical unit for shipment or sale to other units.

115. Figures should be obtained for both the total value of these goods shipped or produced and for the value and quantity of individually important goods. (See also para. 107 above.)

116. If the output data for individually important products is obtained on a shipment's basis, it may be desirable to obtain, in addition to quantity and value of shipments, the quantity of the individually important products produced during the reference year.

117. For the construction industry, data should be obtained for the value of work under construction at the beginning and end of the inquiry year for each type of construction (e.g., residential, commercial, roads, etc.). Also data should be obtained for the total value of each type of construction completed (shipped) during the inquiry year. Similarly, these three items of data should be obtained for other industries characterized by a long production cycle, for instance heavy machinery or shipbuilding (see also paras. 111-112).

Explanatory Note

118. In some cases - where the statistical unit's range of activities encompasses several successive manufacturing stages - it may be useful to request separately the quantity of certain important intermediate products produced during the reference year for consumption within the establishment (see also para.92).

b. Total Value of Goods Shipped During the Inquiry Year in the Same Condition as Purchased

119. The sales value, ex-statistical unit (as for products of the unit), of all goods shipped during the reference year in the same condition as received.

c. All Other Receipts for Work Done or Services Rendered to Others, During the Inquiry Year, by the Statistical Unit

120. Included are all receipts other than those arising from the shipment of goods - i.e., from work done or services rendered to others such as contract or commission work done for others on their materials, repair and maintenance work, installation, research and development, construction, etc. The value reported should be the total cost charged to customers for the work or service performed. If possible, statistical units should report separately on the several categories listed above.

L. DESTINATION OF SHIPMENTS OF AND INDUSTRIAL SERVICES RENDERED BY SUBSIDIARY STATISTICAL UNITS DURING THE INQUIRY YEAR (OPTIONAL)

121. Included are all goods (excluding used fixed assets) shipped from the unit during the inquiry year and all services of an industrial nature supplied to others. The valuation of these goods and services is described in paragraphs 106-108 above. In publishing these data, the definition of the enterprise should be given.

122. Set out below are the destinations of goods and services that should be distinguished.

a. Value of Shipments, During the Inquiry Year, to Other Industrial Units of the Same Enterprise

123. Included are: the value of goods shipped to other mining or manufacturing units of the same enterprise; the value of goods shipped to central ancillary electricity, gas or steam plants; and the value of repair, maintenance and contract type services supplied to other units of the same enterprise.

b. Value of Shipments, During the Inquiry Year, To or For the Account of Sales Branches or Central Administrative Office of the Same Enterprise

124. Included are: the value of finished goods shipped to central ancillary warehouses, central offices or sales branches; and the value of goods shipped to any destination outside the enterprise on the order or for the account of the central office or sales branch of the same enterprise.

c. Value of All Other Shipments During the Inquiry Year

125. Included is the value of all shipments to destinations outside the enterprise that were not made for the account of sales branches or the central office of the same enterprise.

M. VALUE OF ALL DIRECT SUBSIDIES RECEIVED (OPTIONAL)

126. The total value of any subsidies received on account of goods produced, shipped or sold or goods received by the statistical unit during the inquiry year. (See also para. 128 below.)

N. VALUE ADDED DURING THE INQUIRY YEAR

127. The figure for value added is derived by subtracting from the gross value of output (i.e., value of goods produced, change in the value of work in process, value of electricity sold to others, value of construction of fixed assets for own use, value of goods sold in the same condition as purchased and all other receipts for work done or services rendered) the value of all materials (including fuels, etc.) consumed by the statistical unit and services of an industrial nature provided by other units. It should be noted that, while the items of data recommended for collection include all the elements comprising the gross value of output, several services generally utilized by the statistical unit are not included - services such as business services, advertising, etc. - that would normally be deducted from the gross value of output to arrive at the contribution to gross domestic product. Thus, the value added figure obtainable from the items of data recommended (which has sometimes been called "census value added") is not net relative to the economy as a whole, but only net relative to the agricultural

sector and the population of industrial establishments that fall within the scope of the industrial inquiry. It would be useful, if practicable, to compile figures of the contribution to both the gross and net domestic product in addition to figures of value added. Figures of the gross domestic product are net relative to the economy as a whole, and figures of the contribution to the net domestic product are net of depreciation as well. However, many countries would encounter difficulties in gathering figures of the cost of all elements of business services (e.g., advertising, consulting services, share of the cost of supplies, rent, etc. of central administrative offices) for establishments or kind of activity units or consistent figures of depreciation for these statistical units or even enterprises.

128. Whether value added is computed on a "factor cost" or "market price" basis should always be indicated. The basis on which value added is obtained depends on the treatment of indirect taxes and subsidies. If value added is to be computed at factor cost, the value of any indirect taxes should be excluded from the value of finished goods produced and any subsidies received by the statistical unit should be added; to obtain value added at market prices, all subsidies are excluded and indirect taxes are included in the price of the finished products. Both factor cost and market price measures of value added are useful and it is suggested that, where possible, both measures be compiled.

III. SURVEY DESCRIPTIONS AND FACTORS AFFECTING COMPARABILITY  
THAT MIGHT BE PUBLISHED

129. Countries should consider publishing together with the results of their industrial inquiries the following information:

- a. Description of the scope of the inquiry (i.e., which industrial and other activities were included in the field of inquiry) and a definition of the statistical unit in terms of which the field of inquiry was defined.
- b. Description of the coverage of the survey (i.e., whether establishments or other statistical units of all sizes were included, etc.).
- c. Description of the methods of covering the field of inquiry - whether by direct collection, administrative reports or sampling (including a description of the sample design used and estimates of probable sampling errors). This description might also include an evaluation of the completeness of coverage attained.
- d. Operational definitions of the items of data collected - perhaps in the form of copies of the questionnaires and basic instructions used.
- e. Extent and treatment of non-response including:
  - (i) Number and importance of known establishments failing to respond to the questionnaire together with, if possible, some of the key characteristics of these non-respondents - i.e., kind of activity and size particularly. Also, whether estimates for these non-respondents have been included in the published data.
  - (ii) Extent of non-response to particular questions for which no estimates have or could be made.
- f. Description of the industrial classification used.

ANNEX III

SUGGESTED TABULATION PROGRAMMES FOR NATIONAL USE

I. FOR THE INFREQUENT INQUIRY

1. Table A shows eight kinds of tabulations that are designed to provide the detailed view of the structure and activities of industry generally required at infrequent intervals. This tabulation programme is not proposed as an international standard, but rather as a guide for countries that may wish to use it as such. Those tabulations proposed in the previous section are also included here.

2. It is not intended, of course, that all of the recommended items of data be tabulated in all of the ways listed and hence, for each item of data, the suggested tabulations are indicated. The notation used to indicate which tabulations are to be made for each item is as follows:

M - An entry of M designates the most important tabulations for economic analysis or for the design of annual and current surveys of industry.

X - An entry of X indicates tabulations that are useful, but of secondary importance.

3. The column headings of table B which describe the kinds of tabulations suggested, are necessarily abbreviated. For this reason a more detailed description is set out below.

A. National Summaries, cols. (1) through (6)

4. By detailed industry, col. (1). For its own use, a country may require more detailed industry groupings than are recommended for the international standard. The amount of detail, however, may vary among countries and may also vary for different kinds of industry.

5. By region, col. (2). This tabulation is intended to show the relative industrial importance of each region of the country. No recommendation is made regarding the number of regions or their size. In general, however, relatively small areas are used which correspond to administrative or political subdivisions of the country - each of the indicated items of data being summed over the

establishments located in the region. As in the case of the industry distribution it is not always necessary to tabulate at the same level of detail for all areas of the country. In areas where industry is concentrated, for example, it may be desirable to use the smallest administratively defined unit, while in largely rural or sparsely populated areas large administrative units might serve.

6. By region and size class, col. (3). This tabulation will show, for each indicated item of data, the importance of establishments of various sizes within each specified region of the country. It is envisaged that the size categories used would include at least those suggested in part II of Annex II. It may not be possible, however, to tabulate for regions in the same detail as suggested in paragraph 5 above. Particularly in these countries wherein there is a legal prohibition against divulging data concerning a single enterprise, tabulation for publication in such detail might not be possible.

7. By industry or industry group and size class, col. (4). It may not, of course, be necessary or possible to tabulate by industry in as much detail as for paragraph 4 above. Also, some countries may find it desirable to utilize other size classes in addition to those recommended for international use.

8. By industry or industry group and economic and legal organization, col. (5). This tabulation is intended to show, within each industry or industry group, the importance of establishments operated as part of multi-unit enterprises as opposed to those that are single-unit enterprises and, within each of these categories, the importance of establishments operating under various legal forms. In some cases it may be desirable to further sub-divide the establishments to show the importance of enterprises of various sizes (in terms of the number of establishments) under which the establishments are operated. These tabulations are particularly useful in analysing concentration of industrial control. Tabulations showing the relative importance of establishments operating under various legal forms of control, however, while of considerable value within each country, can have only a limited usefulness in the comparison of industrial structure at an international level. This is so because of the variation in the possible forms of legal control in the various countries.

9. By industry or industry group and type of operation, col (6). This tabulation will be of interest only to certain countries. The tabulation is intended to show, for the indicated items of data, the importance of "factory-type" establishments as opposed to small, essentially home-centred industrial units. As



noted in part II of Annex II, the distinction between "factory-type" and other establishments will be based on different criteria in different countries.

B. Regional Summaries, col.(7)

10. These tabulations are intended to show for each specified region of the country the importance of establishments engaged in each industry or industry group. Essentially it is the same kind of tabulation described in paragraph 4 above, although less narrow industry distinctions are generally made. Often these tabulations will be made only for the more important industrial areas of the country and frequently the specified regions will be larger than those defined for the purpose of the tabulation discussed in paragraph 5 above. It should be noted, however, that in countries where detailed regional development planning is carried on, it may be desirable to have a tabulation programme for each region that is nearly as detailed as for the country as a whole.

C. Industry Summaries, col. (8)

11. These tabulations are intended to show the distribution throughout the country of establishments classified in each of the more important industries or industry groups. For this tabulation the regions would generally be those defined for the tabulation described in paragraph 5 above.

II. FOR THE ANNUAL INQUIRY

12. In table B are set out the three kinds of tabulations generally required at annual intervals. As in part I above, this programme, while it includes those tabulations recommended as an international standard, is suggested only as a guide.

13. The same symbols are used to indicate for each of the items of data the kinds of tabulations that might be made (see para. 2 above). The tabulations suggested - i.e. national summaries which show the importance of each industry and region in the country, and regional summaries which show within each important region of the country the importance of each industry - are described in paragraphs 4, 5 and 10 above. In view of the more limited coverage and field of the annual inquiry, however, these tabulations are generally made at less detailed levels of the industrial and area classifications than for the infrequent compilations.

TABLE A - SUGGESTED TABULATION PROGRAMME FOR AN INFREQUENT INQUIRY

M - An entry of M designates the most important tabulations for economic analysis or for the design of annual and current surveys of industry.  
 X - An entry of X indicates tabulations that are useful, but of secondary importance.

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Characteristics by which data are tabulated for publication	NATIONAL SUMMARIES						REGIONAL SUMMARIES	INDUSTRY SUMMARIES
	By detailed industry (1)	By region (2)	By region and size class (3)	By industry or Industry Group and				
				Size class <sup>1/</sup> (4)	Econ. and legal org. (5)	Type of operation (6)	By industry group (7)	By region (8)
Data to be tabulated								
A. <u>No. of Establishments</u> <sup>2/</sup>	M	M	M	M	M	M	M	M
B. <u>Total No. of Persons Engaged During a Single Period</u> <sup>2/</sup>	M	M	M	M	M	M	M	M
1. Working proprietors <sup>3/</sup>	X							
2. Unpaid family workers <sup>3/</sup>	X							
3. Home workers <sup>2/</sup> (optional) <sup>4/</sup>	X							
4. <u>Employees</u> <sup>3/</sup>	M	M		M			M	M
a. <u>Operatives</u> <sup>3/</sup>	M	X		M			M	X
(1) Operatives engaged in own-account construction	X	X					X	
(2) Other operatives	X	X					X	
b. <u>Other employees</u> <sup>3/</sup>	M	X		M			M	X
C. <u>No. of Employees Engaged During at Least Four Periods</u>	M	X					X	X
1. Operatives	M							
2. Other employees	M							
D. <u>Average No. of Employees Engaged</u> <sup>5/</sup>	M	M		M			M	M
1. Operatives	M	X		M			M	X
E. <u>Average No. of Persons Engaged</u> <sup>6/</sup>	M	M		M			M	M
F. <u>Man-hours Worked by Operatives</u>	M	X		M			M	X
G. <u>Wages and Salaries Paid During Year</u>								
1. To employees	M	M		M			M	X
a. To operatives	M	X		M			M	X
b. To other employees	M						M	
2. To homeworkers <sup>4/</sup>	M	M		M			M	X

For Footnote see end of table.

TABLE A - SUGGESTED TABULATION PROGRAMME FOR AN INFREQUENT INQUIRY (continued)

Characteristics by which data are tabulated for publication	NATIONAL SUMMARIES						REGIONAL SUMMARIES	INDUSTRY SUMMARIES
	By detailed industry (1)	By region (2)	By region and size class (3)	By Industry or Industry Group and				
				Size class <sup>1/</sup> (4)	Econ. and legal org. (5)	Type of operation (6)		
Data to be tabulated								
H. <u>Wages and Salaries Paid During the Single Period Specified in B.</u>								
1. To operatives	M			X			M	X
2. To other employees	M			X			M	X
I. <u>Capacity of Installed Power Equipment 2/</u>	M	M		M			M	M
1. Prime movers sub-divided as to whether or not driving generators 2/	M	M					M	
2. Electric motors sub-divided as to whether or not driven by purchased electricity 2/	M	M					M	
3. Generators	M	M					M	
J. <u>Cost of New Fixed Assets Acquired from Others or Produced During Year</u>	M			M				
1. Machinery and equipment	M			M				
a. Acquired from others	X							
b. Produced for own use	X							
2. Buildings and improvements to land	M			M				
a. Acquired from others	X							
b. Produced for own use	X							
K. <u>Expenditures less Sales for Used Assets</u>	X							
1. Machinery and equipment	X							
2. Buildings, improvements to land, and land	X							
L. <u>Gross Additions to Fixed Assets During Year (Items J + K)</u>	M			M				
1. Machinery and equipment	M			X				
2. Buildings, improvements to land, and land	M			X				
M. <u>Value of Stocks at Beginning and End of Year 3/</u>								
1. Raw materials, fuels, supplies, etc. (incl. goods to be sold in the same condition as purchased)	M			X				
2. Work in process	M			X				
3. Finished goods produced	M			X				

For footnote see end of table.

TABLE A - SUGGESTED TABULATION PROGRAMME FOR AN INFREQUENT INQUIRY (continued)

Characteristics by which data are tabulated for publication	NATIONAL SUMMARIES						REGIONAL SUMMARIES	INDUSTRY SUMMARIES
	By detailed industry (1)	By region (2)	By region and size class (3)	By Industry or Industry Group and			By industry group (7)	By region (8)
				Size class <sup>1/</sup> (4)	Econ. and legal org. (5)	Type of operation (6)		
Data to be tabulated								
N. <u>Quantity of Electricity Consumed</u> <sup>9/</sup>	M	M		M			M	
1. Quantity and cost of electricity purchased	M	M					M	
2. Quantity of electricity generated	M	M					M	
3. Quantity and value of electricity sold	M	M					M	
O. <u>Cost of Goods Received or Consumed and Payments for Services rendered</u>								
1. Cost of raw materials, supplies, etc. <sup>10/ 11/</sup>	M						X	
2. Quantity and cost of individually important materials <sup>11/</sup>	M						X	
3. Cost of fuels <sup>11/</sup>	M						X	
4. Quantity and cost of individually important fuels <sup>11/</sup>	M						X	
5. Cost of goods to be sold in same condition as purchased (optional)	X							
6. Cost of contract and commission work done by others <sup>14/</sup>	X							
7. Cost of repair and maintenance work done by others	X							
P. <u>Value of Goods Shipped or Produced and Receipts for Services Rendered</u> <sup>12/</sup>								
1. Value of products of the establishment <sup>12/</sup>	M						X	
2. Quantity and value of individually important products <sup>12/</sup>	M						X	
3. Value of goods shipped in the same condition as purchased	M							
4. Receipts for work done or services rendered to others	X							
Q. <u>Gross Value of Output</u> <sup>13/</sup>	M	M	M	M	M	M	M	M
R. <u>Value of All Subsidies Received</u>	M	X		X				
S. <u>Value of Excise or Indirect Taxes</u>	M	X		X				
T. <u>Value Added</u> <sup>14/</sup>	M	M	M	M	M	M	M	M

For footnote see end of table.

Footnotes to Table A - Annex III

- 1/ Size is defined in terms of "average number engaged". See footnote 6/ and item E.
- 2/ "Number of establishments" is generally tabulated together with the other items of data. Where, because of non-response, the item being tabulated relates only to a part of the whole field, the "number of establishments to which the item of data relates" should also be indicated.
- 3/ Figures should be shown separately for men and women and, optionally, for adults and juveniles.
- 4/ If "homeworkers" are not included in number engaged, then payments to homeworkers should be included in item O.6. ("Cost of contract and commission work") rather than item G. ("Wages and salaries").
- 5/ Computed from item C. above.
- 6/ Defined as the sum of "average number of employees" (item D.) plus number of "working proprietors", "unpaid family workers" and, optionally, "homeworkers". In classifying establishments according to average number engaged, at least 5, 10, 20, 50 and 100 should be used as lower class limits.
- 7/ The capacity of installed power equipment is equivalent to either the sum of the capacity of prime movers not driving generators and the capacity of all electric motors or the sum of the capacity of all prime movers and the capacity or electric motors driven by purchased electricity. Because of the difficulties of classifying electric motors according to whether or not driven by purchased electricity, it is often advantageous to utilize the first method of computing the capacity of installed power equipment. If this approach is utilized, it will not be necessary to distinguish electric motors by source of energy used.
- 8/ See Annex II, Part II for suggested alteration in the categories of stocks for particular industries.
- 9/ For large establishments: item 1 plus 2 minus 3.  
For small establishments: item 1 plus 2.
- 10/ This total should include the cost of any materials received or consumed for the production of fixed assets for own use. If a separate item of data is not gathered on total cost of goods sold in the same condition as purchased, this cost should also be included in the total cost of raw materials, containers, etc.
- 11/ If requested on a "consumed" basis, data should relate to value of goods acquired from outside the establishment. (See Annex II, Part II.)
- 12/ If requested on a "production" basis, data should relate to value of goods produced for sale or shipment to other establishments.
- 13/ 1. If data are requested on a "shipped" basis: Sum of items P.1 (corrected for changes in stocks of work in process and finished goods - items M.2 and 3), P.3, P.4, J.1.b., J.2.b., and N.3.  
2. If data are requested on a "produced" basis: Sum of items P.1 (corrected for changes in stocks of work in process - item M.2), P.3, P.4, J.1.b., J.2.b., and N.3.
- 14/ Indicate whether value added is computed at "factor cost" or "market prices". Value added is computed as follows:  
1. If data are requested on a "received" basis: Item Q less items O.1, O.3 and O.5 (corrected for changes in stocks of raw materials, etc. - item M.1), O.6, O.7 and N.1.  
2. If data are requested on a "consumed" basis: Item Q less items O.1, O.3, O.5, O.6, O.7 and N.1.

TABLE B - SUGGESTED TABULATION PROGRAMME FOR AN ANNUAL INQUIRY

M - An entry of M designates the most important tabulations for economic analysis or for the design of current surveys of industry.

X - An entry of X indicates tabulations that are useful, but of secondary importance.

See Table A for explanatory footnotes

Characteristics by which data are tabulated for publication	NATIONAL SUMMARIES		REGIONAL SUMMARIES
	By industry	By region	By industry groups
Data to be tabulated	(1)	(2)	(3)
A. <u>No. of Employees Engaged During at Least Four Periods</u>	M	X	X
1. Operatives	M		
2. Other employees	X		
B. <u>Average No. of Employees</u>	M	M	M
1. Operatives	M		
C. <u>Man-hours Worked by Operatives</u>	M		X
D. <u>Wages and Salaries Paid During Year</u>			
1. To employees	M	M	X
a. To operatives	M		X
b. To other employees	M		X
2. To homeworkers (optional)	M	M	X
E. <u>Cost of New Fixed Assets Acquired from Others or Produced During Year</u>	M		
1. Machinery and equipment	M		
a. Acquired from others	X		
b. Produced for own use	X		
2. Buildings and improvements to land	M		
a. Acquired from others	X		
b. Produced for own use	X		

TABLE B - SUGGESTED TABULATION PROGRAMME FOR AN ANNUAL INQUIRY (continued)

Data to be tabulated	Characteristics by which data are tabulated for publication	NATIONAL SUMMARIES		REGIONAL SUMMARIES
		By industry	By region	By industry groups
		(1)	(2)	(3)
F.	<u>Expenditures less Sales for Used Assets</u>	X		
	1. Machinery and equipment	X		
	2. Buildings, improvements to land, and land	X		
G.	<u>Gross Additions to Fixed Assets During Year (Items E and F)</u>	M		
	1. Machinery and equipment	M		
	2. Buildings, improvements to land, and land	M		
H.	<u>Value of Stocks at Beginning and End of Year</u>			
	1. Raw materials, fuels, supplies, etc. (incl. goods to be sold in the same condition as purchased)	M		
	2. Work in process	M		
	3. Finished goods	M		
I.	<u>Quantity of Electricity Consumed</u>	M	M	X
	1. Quantity and cost of electricity purchased	M	M	X
	2. Quantity of electricity generated	M	M	X
	3. Quantity and value of electricity sold	M	M	X
J.	<u>Cost of Goods Received or Consumed and Payments for Services Rendered</u>			
	1. Cost of raw materials, supplies, etc.	M		
	2. Quantity and cost of individually important materials	M		

TABLE B - SUGGESTED TABULATION PROGRAMME FOR AN ANNUAL INQUIRY (continued)

Characteristics by which data are tabulated for publication	NATIONAL SUMMARIES		REGIONAL SUMMARIES
	By industry	By region	By industry groups
Data to be tabulated	(1)	(2)	(3)
3. Cost of fuels	M		
4. Quantity and cost of individually important fuels	M		
5. Cost of goods to be sold in same condition as purchased (optional)	M		
6. Cost of contract and commission work	X		
7. Cost of repair and maintenance work done by others	X		
<u>K. Value of Goods Shipped or Produced and Receipts for Services Rendered</u>			
1. Value of products of the establishment	M		
2. Value and quantity of individually important products	M	M	X
3. Value of goods shipped in the same condition as purchased	M		
4. Receipts for work done or services rendered to others	X		
<u>L. Gross Value of Output</u>	M	M	X
<u>M. Value of All Subsidies Received</u>	M		
<u>N. Value of Excise or Indirect Taxes</u>	M		
<u>O. Value Added</u>	M	M	X

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