

October 11, 2007

Seminar on *Reengineering of Business Statistics* 2007

Statistics Portugal releases statistical information from Enterprises Statistics at international Seminar

The main preliminary results of Enterprises Statistics, – mainly provided from IES (“Informação Empresarial Simplificada”) - compiled and disseminated by Statistics Portugal, indicate that the portuguese business sector (non financial enterprises), including sole proprietors, comprises a total of around 1.1 million enterprises in 2006, responsible for the employment of 3.8 million workers and for a Gross Value Added (GVA) at current prices of 78.8 thousand million Euros.

1. Seminar on Reengineering of Business Statistics

Statistics Portugal holds a Seminar on Reengineering of Business Statistics during the Portuguese Presidency of the Council of the European Union.

The Seminar, targeted at experts in Business Statistics, is jointly organised by Statistics Portugal and Eurostat and takes place in Lisboa, on 11th and 12th October 2007.

The statistical principles fixed in the European Statistics Code of Practice, emphasize the reduction of the statistical burden for respondents, as well as the relevancy, punctuality and quality of the data to be produced and disseminated, which is a good reason to rethink the whole process of statistical production, mainly in the field of business statistics.

The objective of the Seminar is to promote the sharing of best practices and the knowledge of the “state of the art” among participating countries and international organisations, expecting to outline the way forward in the improvement of the use of administrative data and in the reengineering of business statistics.

Portugal will present **IES** as a best practice – that allowed a very significant reduction of the burden on enterprises and improved timeliness of data – a measure that results from the cooperation among different entities from Central Administration.

2. IES – Simplified Business Information

Since about one decade Statistics Portugal started to contact other entities from public administration that also use data from the enterprises' accounts, in order to promote the dialogue searching for a solution that allowed a single collection of information.

Earlier in 2006, when the Simplex Programme (National Governmental Programme for Administrative and Legislative Simplification) started, it was possible to define and prepare in a more systematic way, a measure that concentrated the efforts of some institutions of the public administration: Statistics Portugal, Taxes administration (Directorate-General for Taxes), Public Register of Annual Reports (Directorate-General for the Business Registers and Notary) and the Portuguese Central Bank, under the coordination of the Justice Secretary of State. This measure is known as **IES**, which consists in a new system for a single and timely collection of annual information on the enterprises (accounting data), that allows its use by the involved institutions ensuring the coverage of all the information needs in this scope.

With the Simplified Business Information (IES), all the information that enterprises have to present on their annual accounts is transmitted at a single moment and to a single entity, through an electronic form (exclusively) approved by Decree-Law.

For the Portuguese National Statistical System and Statistics Portugal, this new form of collecting the data is a landmark in the statistical production on business, based on administrative data, with a vast coverage in terms of statistical and characteristic units, ensuring all the conditions to reorient the statistical activity towards the increase of data consistency.

The principles of the European Statistics Code of Practice are aligned with this new model that promoted the cooperation among different Portuguese public institutions with a common goal: to simplify the life of the enterprises.

3. First main preliminary results of Enterprises Statistics

The main preliminary results of Enterprises Statistics, - mainly provided from IES - compiled and disseminated by Statistics Portugal, indicated that the portuguese business sector (non financial enterprises), including sole proprietors, comprises a total of around 1.1 million enterprises in 2006, responsible for the employment of 3.8 million workers and for a Gross Value Added (GVA) at current prices of 78.8 thousand million Euros.

Table 1 – Main indicators of non financial enterprises, 2005 -2006

Total enterprises				10 ³ Euros			
	2005	2006	Rate of change (%)		2005	2006	Rate of change (%)
Enterprises (No.)	1 057 158	1 095 062	3.6	Operating income	13 630 102	14 230 753	4.4
Persons employed (No.)	3 680 588	3 842 207	4.4	Net income	17 145 444	21 504 782	25.4
Turnover	318 060 555	338 580 862	6.5				

Source: Statistics Portugal, Simplified Business Information (IES) and protocol with DGCI (preliminary data)

Comparing with 2005, the total number of enterprises increased 3.6% and the number of persons employed increased 4.4%. The Turnover (Sales and Provision of services) rose 6.5%, quite similar to the increase on the GVA (around 5.2%). Nevertheless the structure of costs and incomes has changed, and the profit margins decreased 5.1% over the last year.

However the enterprises were able to manage this apparent disadvantage, since the Net Income rose 25.4% over the year 2005.

Table 2 – Main indicators by sections of NACE 1.1, non financial enterprises - 2006

Total enterprises				
SECTIONS OF NACE-REV.1.1	TOTAL ENTERPRISES	PERSONS EMPLOYED	TURNOVER	GVA
	No.		10 ³ Euros	
TOTAL	1 095 062	3 842 207	338 580 862	78 842 351
B - Fishing	4 801	15 159	419 277	182 594
C - Mining and Quarrying	1 625	14 894	1 311 324	702 029
D - Manufacturing	107 696	872 785	78 174 165	19 108 094
E - Electricity, gas and water supply	740	24 530	12 964 513	3 367 021
F - Construction	126 520	520 510	33 045 402	9 192 387
G - Wholesale and retail sale	309 957	895 637	135 134 335	16 877 998
H - Hotels and restaurants	88 913	285 274	8 905 025	3 101 660
I - Transport, storage and communication	31 666	198 137	26 993 139	9 296 978
K - Business activities	217 100	601 478	29 027 722	11 404 188
M - Education	54 619	91 622	1 256 367	633 954
N - Health	69 877	182 527	6 830 966	3 242 809
O - Other services	81 548	139 654	4 518 627	1 732 639

Source: INE, Simplified Business Information (IES) and protocol with DGCI (preliminary data)

For sections of NACE 1.1 (Table 2), Manufacturing is the most important sector of activity in terms of GVA, representing 24.2% of its total. The section G – Wholesale and retail sale, concentrates most of the portuguese

enterprises (28.3% of the total) and employs most of the business workers (23.3%), being responsible for 39.9% of total Turnover. In terms of activity sectors (in a traditional logic of Primary, Secondary and Tertiary sectors) Portugal is clearly dominated by Tertiary sector (the whole of services sectors from section G to O of NACE 1.1), which represents 58.7% of GVA and 62.3% of the employment of the total business sector.

Table 3 – Economic accounts of non financial enterprises, 2005 - 2006

Total enterprises					10 ³ Euros			
	COSTS AND LOSSES	2005	2006	Rate of change (%)	INCOME AND GAINS	2005	2006	Rate of change (%)
Production account	Costs of sole merchandises	112 454 034	125 381 457	11.5	Sales of merchandises	144 257 049	155 566 966	7.8
	Profit margins	31 803 015	30 185 509	-5.1				
	Intermediate consumptions	140 510 099	143 806 124	2.3	Production	215 466 049	222 648 475	3.3
	of wich:				of wich: Profit margins	31 803 015	30 185 509	-5.1
	Consumption of raw materials	61 036 079	59 675 191	-2.2	Sales of products	78 092 701	82 707 964	5.9
	External services and supplies	77 840 269	82 254 896	5.7	Provision of services	95 710 805	100 305 932	4.8
	Gross value added	74 955 950	78 842 351	5.2	Changes in production	2 974 857	2 494 980	-16.1
Operating account	Personnel costs	44 887 567	47 270 879	5.3	Gross value added	74 955 950	78 842 351	5.2
	Wages	34 284 891	36 467 045	6.4	Operating subsidies	1 504 013	1 748 209	16.2
	Social security and other charges	10 602 676	10 803 834	1.9				
	Taxes	1 540 191	1 663 884	8.0				
	Gross operating surplus	30 032 205	31 655 797	5.4				
Income account	Financial costs and losses	13 244 722	15 286 698	15.4	Gross operating surplus	30 032 205	31 655 797	5.4
	Gross current profit before tax	34 870 562	35 856 695	2.8	Financial income and gains	18 083 079	19 487 596	7.8
Financing account	Extraordinary costs and losses	5 373 872	5 059 113	-5.9	Gross current profit before tax	34 870 562	35 856 695	2.8
	Tax for the year	4 173 670	3 843 243	-7.9	Extraordinary income and gains	9 271 097	11 975 445	29.2
	Distributed income	6 616 415	9 788 167	47.9				
	Self-financing	27 977 702	29 141 617	4.2				
Total		356 778 272	381 241 182	6.9	Total	356 778 272	381 241 182	6.9

Source: Statistics Portugal, Simplified Business Information (IES) and protocol with DGCI (preliminary data)

Regarding the global account of the economy (including only the non financial enterprises), the GVA generated is around 78.8 thousand million euros, with global values of Sales (merchandises 65% and products 35%) corresponding to 238 thousand million Euros.

Concerning the application of Income, in average the non financial Portuguese enterprises distributed about 25.1% of their profits (Gross Profit after Tax) in 2006.

The statistical data presented refer to the preliminary results proceeding from the IES as well as the information for the sole proprietors obtained in the scope of the protocol established with the Directorate-General for Taxes. Statistics Portugal is preparing a large set of indicators that will be disseminated in the Portuguese Official Statistics website (www.ine.pt).

Explanatory notes:

The statistical information released through this Press Release corresponds to the preliminary results of the IES, after being analysed by Statistics Portugal. Some adjustments and corrections had to be made to the initial information submitted by the enterprises in their electronic IES declarations.

The data also includes the information over sole proprietors, which are not collected through the IES, but in the scope of the protocol celebrated in 2005 between INE and DGCI (Directorate-General for Taxes).

These results do not include the units of the agricultural and financial sectors.

Regarding the non-responses to the IES (until 4th October), Statistics Portugal has made estimations based on the information available for the year 2005.