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**THE PRESENT STATUS, PROGRESS AND
DEVELOPMENT OF NATIONWIDE BUSINESS SURVEY
IN CHINA**

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The present status, progress and development of Nationwide Business Survey in China

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1. Introduction

This country paper aims to give a review of the present status and the progress of harmonization in Nationwide Business Survey, conducted by Enterprise Survey Organization of National Bureau of Statistics (ESO/NBS) and its future development.

The harmonization of business tendency survey is very important if the results are to be used for international comparison of short-term economic development. Recognizing the usefulness of standardizing a number of questions, ESO revised survey program of the existing Nationwide Business Survey, as recommended by OECD and during the second workshop in November 2000.

2. Progress in adapting the harmonization system

The improvement of the survey program consists of the following aspects:

- The question, “export order books/demand from abroad”, was included in business survey of industry.
- The question, “demand”, was included in business survey of other sector.
- The form of the following questions were revised from trends/changes to level:
 - Order books, total
 - Stocks of finished goods
 - Financial situation
- The form of the question, “business situation in future”, was revised from “future level” to “future change for 3-4 months ahead”.
- The form of the question, “capacity utilization”, was revised from three choices (80%, 50%--80%, 50%) to the present rate (in percent).

The harmonized questionnaires in Nationwide Business Survey in China are given in Annex 1 and Annex 2.

Now, Nationwide Business Survey in industry covers 12 of 13 harmonized core questions, and only one question, “access to credit”, is still not included in. The main reason is that the related information can be got from other survey, but we expect that this question will be

included in our business survey next year. And only one question in our survey used a format different from the harmonized format. The harmonized format of the question, “business situation in the future”, is “future change for 6 months ahead”, but our format is “future change for 3 months ahead”.

Likewise, Nationwide Business Survey in other sectors covers 8 of 9 harmonized core questions, and only one question, “access to credit”, is also still not included in and only one question, “business situation in the future”, did not use the same format as the harmonized format.

In addition to harmonized questions, Nationwide Business Survey in China also includes some other questions, such as general economic situation, profit, payment delayed by client, fixed investment, sale, output, etc. The detail is given in Annex 3.

3.Present status

3.1.The Nationwide Business Survey in China, including industry survey and survey in other sectors, is conducted on a quarterly basis.

3.2.The survey covers 6 main sectors of economic activities and 69 sub-sectors as following:

Economic Sectors	Number of Sub-sectors
Total	69
Industry (including mining, manufacture, power industry, gas and water)	39
Construction	3
Transportation, storage, postal & telecommunications services	9
Wholesale and retail trade & catering services	6
Real estate trade	3
Social service	9

3.3.The size of the sample for all sectors is over 18500 units, which covers all types of ownership in all 31provinces in China.

Economic Sectors	Sample size
Total	18,500
Industry	12,000
1) Mining	600
2) Manufacture	10,600
3) Power industry, gas and water	800
Construction	1,200
Transportation, storage, postal & telecommunications services	1,000
Wholesale and retail trade & catering services	1,800
Real estate trade	1,000
Social service	1,500

3.4.The questionnaires are returned to ESO by mail or fax, as well by on-line returns by Internet. Usually, telephone calls remind the enterprises to fill and return the questionnaires.

3.5.The respondents are usually visited by local ESO once or twice in a year, so the response rate of the survey is generally high, averaging over 95%.

3.6.From 2001, the survey result has been sent to the respondents. In addition, ESO headquarter and local ESO conduct an annual meeting with most respondents.

4.Analysis and application of survey results

4.1.The analysis of survey results is conducted by using the net balance method. Net balance is the difference between the percentage of “positive” and “negative” answer.

4.2.The net balance for each question—business situation, product, order books, etc.—is weighted by size of enterprise, usually measured by output or employment. And the overall net balance, including all surveyed sectors, is weighted by sectoral GDP.

The overall net balance was usually named Business Survey Index. For example, the overall net balance of “business situation” was called “ Business Situation Index”.

4.3.The result of the survey showed that a close relation exists between Business Situation Index (season adjusted) and the actual Growth Rate of Gross Domestic Product (GDP). The correlation coefficient between Business Situation Index (season adjusted) and the Growth Rate of GDP is 0.712.

An illustration of the indicators based on business survey results in China is given in figure 1. The trend of Business Survey Index almost matches with the GDP trend. So we may say that the business survey can be used in monitoring and forecasting the economic development.

In addition, the survey result begins showing negative signs of economic decline in China from the third quarter, 2001. This shows the growth rate of China will decline. In fact, the growth rate of GDP in the third quarter is less than the first and second quarters.

5. Dissemination of survey results

5.1. The results of survey are the main foundation to form the basic judgment about the business tendency about the whole national economy and the main sectors of economic activities. The final results of the National-wide Business Survey are published in a report quarterly.

5.2. The brief of report is given to the State Council and the most government ministries at first. The detail of the survey result is scheduled to release to the general public by the press, such as Xinhua Agency, CCTV, and People Daily several days later. The softcopy report is also available for downloading from our web-site www.stats.gov.cn

The time for regular BTS data release in 2001 is following: January 10, April 5, July 5, and October 10.

6. Problems and difficulties

6.1. Lacking of the related technique and actual experience, the composite indicator and diffusion indicator based on BTS data are still not constructed.

6.2. Business tendency survey is designed to collect information of the managers of enterprises. The questionnaires of business survey should be filled out by the senior manager or chief executive. But some questionnaires, about 10%, are still finished by the subordinate staff in bookkeeping.

7. Future development

7.1. A composite leading indicator is superior to individual indicators because it represents a broad spectrum of the economy. From the next year, we will try to construct the composite indicators such as industrial confidence indicator, construction confidence indicator and the confidence of the other sectors and calculate the economic sentiment indicator.

7.2. The coverage of business tendency survey is expected to be extended to other sectors, for example Leasing, Electronic Data Processing, etc. This depends on publication of the new Standard Industrial Classification of China.

ANNEX1. Business survey in industry

Questions	Variable	Harmonized format	Nation-wide Business Survey in China		
			Year 1999	Year 2000	Year 2001
1	Production	T3	T3	T3	T3
2	Production	F3	F3	F3	F3
3	Order books, total	L	T3	L	L
4	Order books, experts	L	na	L	L
5	Stocks of finished goods	L	T3	L	L
6	Selling prices	F3	F3	F3	F3
7	Employment	F3	F3	F3	F3
8	Limits to production	N	N	N	N
9	Capacity utilization	R	T3	L	R
10	Business situation	L	L	L	L
11	Business situation	F6	FL	FL	F3
12	Financial situation	L	T3	L	L
13	Access to credit	L	na	na	na

ANNEX2. Business surveys in other sectors

Questions	Variable	Harmonized Format	Nation-wide Business Survey in China (2001)				
			Construction	Transportation	Trade	Real estate	Social service
1	Demand	T3	T3	T3	T3	na	T3
2	Demand	F3	F3	F3	F3	na	F3
3	Employment	T3	T3	T3	T3	T3	T3
4	Employment	F3	F3	F3	F3	F3	F3
5	Limits to production	N	N	N	N	N	N
6	Business situation	L	L	L	L	L	L
7	Business situation	F6	F3	F3	F3	F3	F3
8	Financial situation	L	L	L	L	L	L
9	Access to credit	L	na	na	na	na	na

T3 = Past/present change compared to 3-4 months ago

F3 = Future change for 3-4 months ahead

F6 = Future change for 6 months ahead

N = Nominal list of alternatives

L = Present level

FL = Future level

R = Present rate

na = Not available

ANNEX3. Other questions in Nationwide Business Survey

Questions	Variable	Sector	Type of variable/period
1	General economic situation	All*	Present situation, a quarter (3-4 months) ago
2	General economic situation	All*	Future tendency, a quarter (3-4 months) ahead
3	Profit	All*	Present tendency, a quarter (3-4 months) ago
4	Payment delayed by client	All*	Present tendency, a quarter (3-4 months) ago
5	Fixed investment	All*	Present tendency, a quarter (3-4 months) ago
6	Fixed investment	All*	Future tendency, a quarter (3-4 months) ahead
7	Sale	Industry	Present tendency, a quarter (3-4 months) ago
8	Output	Other sectors	Present tendency, a quarter (3-4 months) ago

*Industry, construction, transportation & storage & postal and telecommunications services, wholesale and retail trade & catering services, real estate trade, and social service.

Figure 1: Correction between Business Survey Index and Growth Rate of GDP (in %)



