SIGMA

The bulletin of European statistics

Statistics of the regions

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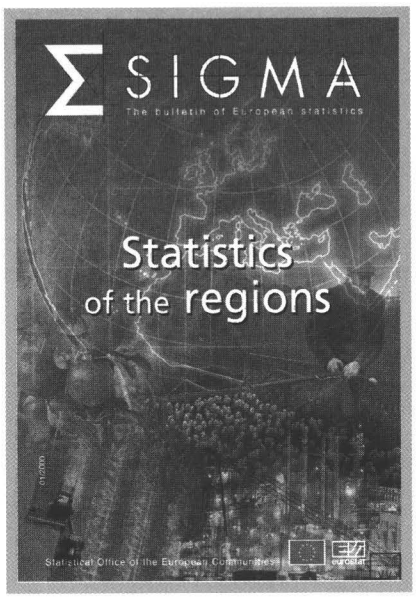

***Sigma* – the bulletin of European statistics produced in Luxembourg by Eurostat**

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In *this issue* of *Sigma*...

Indispensable when it comes to allocating resources to the regions and for regional policy planning and monitoring, regional statistics are despite ongoing globalisation and political integration losing nothing of their importance. Therefore, we decided to dedicate this issue of *Sigma* to '*Statistics of the regions*'.

In the following pages we aim to...

- clarify their importance and role
- outline the availability of regional data at EU-level
- shed light on the development of regional statistics
- offer some users the opportunity to express their views and expectations, *and*
- illustrate the organisation of regional statistics in some Member States and highlight current concerns.

To this end we asked the Eurostat head of unit in charge of regional statistics, **Gilles Decand,** to lead off with his view of European regional statistics and the challenges ahead.

Michel Barnier, the European Commissioner in charge of regional policy, gives *Sigma the* latest state-of-play and underlines the importance of statistics in this area.

Gilles Decand then describes the history and main development lines of regional policy and their influence on statistics.

We then turn to two major users: **Bernard Lange** of Directorate-General '*Regional Policy*' and **Loretta Dormal-Marino** of DG '*Competition*' who outlined their use of statistical data as well as their expectations.

We asked Dr **Berthold Feldmann** of Eurostat to give us an overview of regional data at the European level and to speculate on future developments.

Then, of course, we also recorded the views of some Member States' NSIs. Dr **Berthold Fischer** of the German Land statistical office Baden-Württemberg and **Dev Virdee** of the UK ONS explain how regional statistics is organised in their countries and tell us about current projects and possible developments.

We then focus on a special field within regional statistics – urban statistics. Dr **Berthold Feldmann** first describes what has been achieved so far. **Marcello Roma** and **Rudolf Niessler** of the European Commission's DG '*Regional Policy*' follow with insights on the new ambitions of Europe for cities and why we have to deal with the future now.

Add all this together and the result, we trust, is a collection of information and opinions that will help you better understand the challenges faced by regional statistics and those who rely on them for guidance.

Also in *this issue*...

For our last regular profile of official statistics within the EU, we looked at Belgium. We carried out interviews with **Bart Meganck** of the Belgian National Bank and **Claude Cheruy** of the INS, the two people in charge of Belgian official statistics.

We also report on changes within NSIs: new Directors-General, a new law, career moves and suggestions for the evolution of official statistics.

And we wind-up the issue with articles on Eurostat's new web site, reports on two major statistical conferences and on the signature of an agreement with the Ukraine.

In the *next issue*...

Pedro Solbes Mira, European Commissioner responsible for economic and monetary affairs and for statistics will present his ideas of how to shape the future of European statistics.

Fons Theis
Assistant Chief Editor

Many people have contributed to the production of this magazine. All deserve thanks. In particular, we are grateful to:
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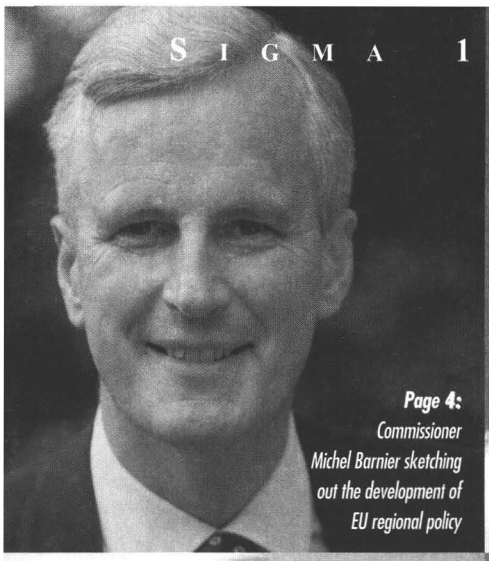
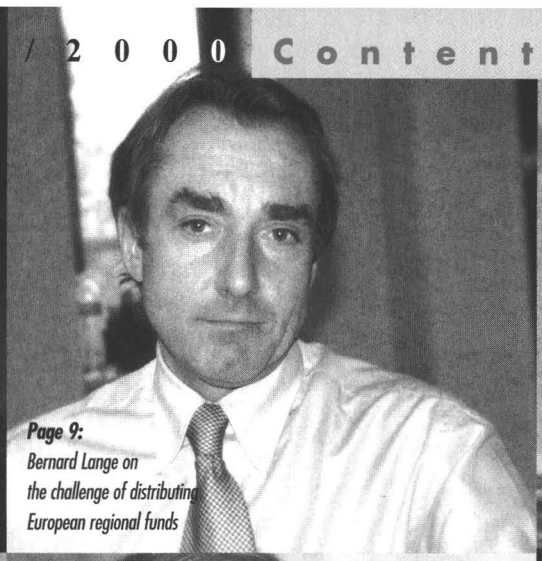
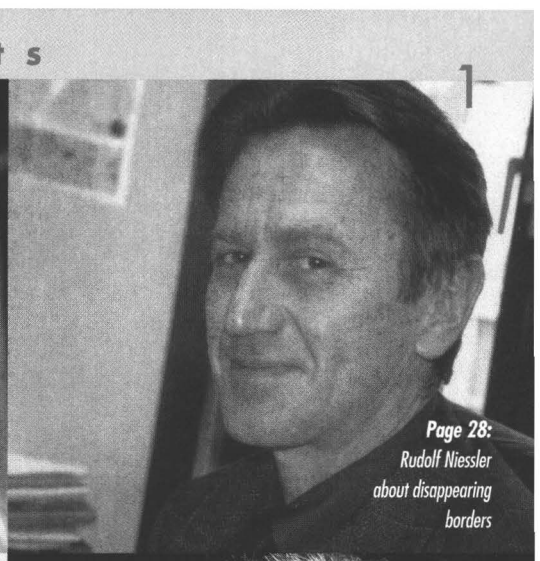


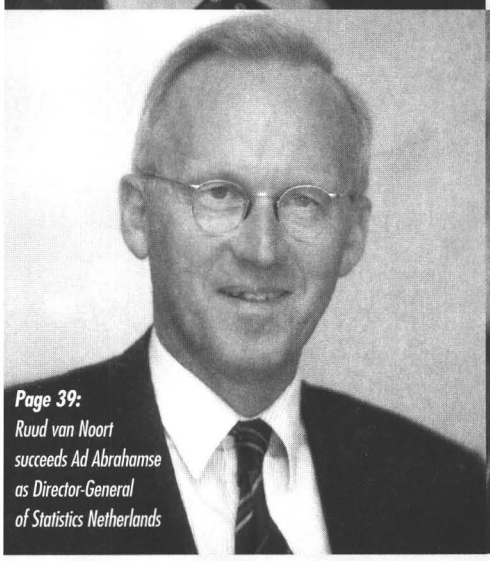
Page 4: Commissioner Michel Barnier sketching out the development of EU regional policy



Page 9: Bernard Lange on the challenge of distributing European regional funds

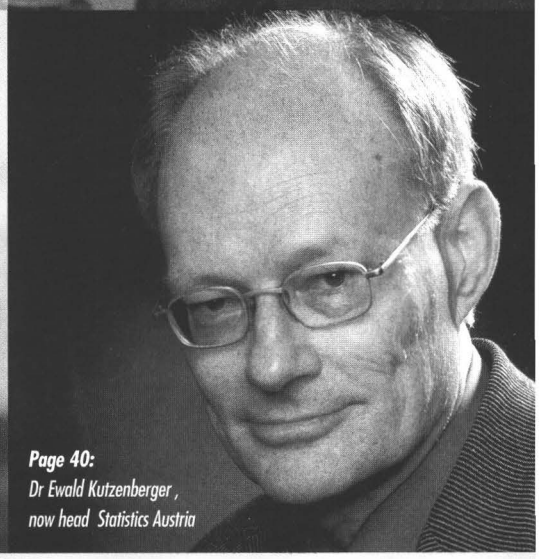


Page 28: Rudolf Niessler about disappearing borders



Page 39: Ruud van Noort succeeds Ad Abrahamse as Director-General of Statistics Netherlands

Page 40: Dr Gabriela Petrovic, and



Page 40: Dr Ewald Kutzenberger, now head Statistics Austria

SIGMA COMMENT

SIGMA THEME

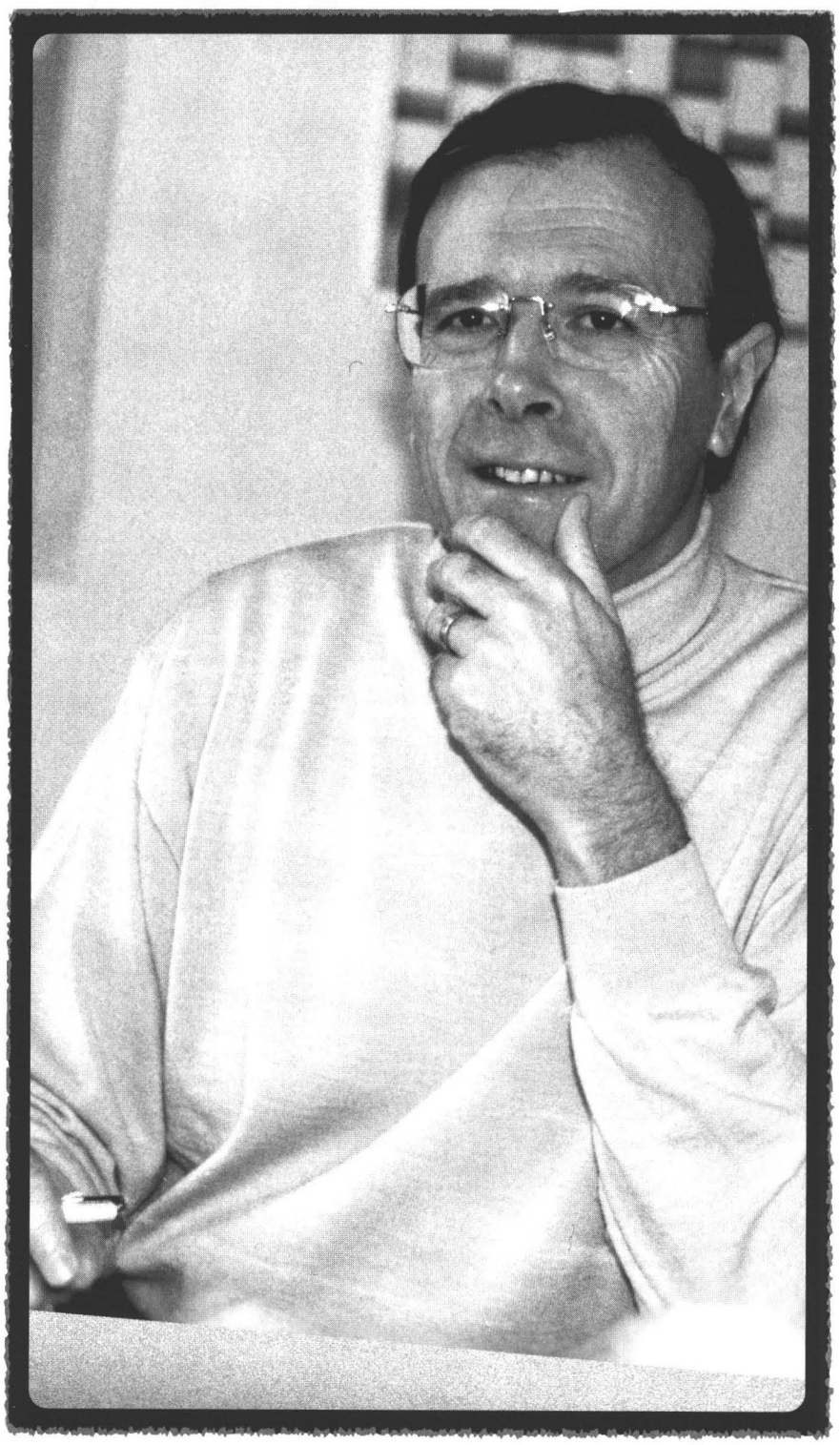
STATISTICS OF THE REGIONS

FOCUS ON MEMBER STATES

FOCUS ON EUROSTAT

REVEALING

Gilles Decand: "If Europe's wealth lies in the diversity of its regions, the task of regional statistics is to reveal this wealth."



The European Union is made up of regions with widely differing economic, social and geographical features. The Union has expanded over the years to take in a number of countries whose economic development was, at the time of accession, structurally backward (Ireland, Greece, Spain and Portugal). More recently the reunification of Germany added five new regions requiring enormous efforts to modernise their infrastructure and to restructure industry and agriculture.

Other regions are experiencing difficulties in converting certain traditional industrial sectors that are in decline or are suffering the effects of globalisation. Many rural areas are threatened with depopulation or are underdeveloped as a result of their peripheral location or the increasing concentration of economic activity in urban centres.

Vitally important

Statistical information on the regions is therefore vitally important. Not only must the European Union institutions, the Member State governments and political

EUROPE'S WEALTH

decision-makers be able to rely on solid data to check the appropriateness of regional political initiatives, monitor their implementation and evaluate the results, but ordinary citizens too.

If Europe's wealth lies in the diversity of its regions, the task of regional statistics is to reveal this wealth.

Meeting the challenges

In this respect, many events have occurred in the past two years that are important for Community regional statistics.

On 24 and 25 March 1999, the European Council meeting in Berlin adopted a political agreement on the *'Agenda 2000 – For a stronger and wider Union'* package, which contains the financial outlook for the 2000-2006 period and draft EU legislation on structural aid, the common agricultural policy and pre-accession instruments for the applicant countries.

Agenda 2000 groups together a coherent set of reforms to be implemented so that the European Union can meet the challenges facing it in the next few years (enlargement, globalisation, rapid technological progress, economic and monetary union).

In this context, it was important to redefine the objectives and resources of structural aid to disadvantaged regions and social groups, in other words, the rules for implementing the European Union's economic and social cohesion policy. The new regulations were definitively approved by the Council on 21 June 1999.

An essential role

Community regional statistics were again called upon to play an essential role in preparing and drawing up these regulations. In February 1999, the Commission adopted the *'Sixth Periodic Report'* on the situation and socio-economic development of the regions of the European Union, which gave an overview of the cohesion process, regional policy and the challenges facing the regions.

It would not have been possible to portray the major trends of the past decade in the regions in terms of the economy, the labour market and demographic changes if reliable and comparable statistical indicators had not been available.

Similarly, the delimitation of the areas eligible for assistance under the Community Funds with effect from 2000 is still based on socio-economic criteria and Community thresholds. The Nomenclature of Territorial Units for Statistics (NUTS) also remains an essential element of the system.

New needs

However, this whole exercise also highlighted the weaknesses and shortcomings of the present statistical system. The regional coverage of some domains is still very inadequate, particularly regarding the environment, infrastructure and education. New preoccupations are emerging, thus creating new information requirements.

Urban areas are an example of this. Although it seemed unlikely that Eurostat would ever take a close interest in territorial units that were not yet officially recognised in statistics and for which we had not yet managed to find a harmonised definition, towns and their sustainable development are becoming increasingly important in European statistical work.

New horizons

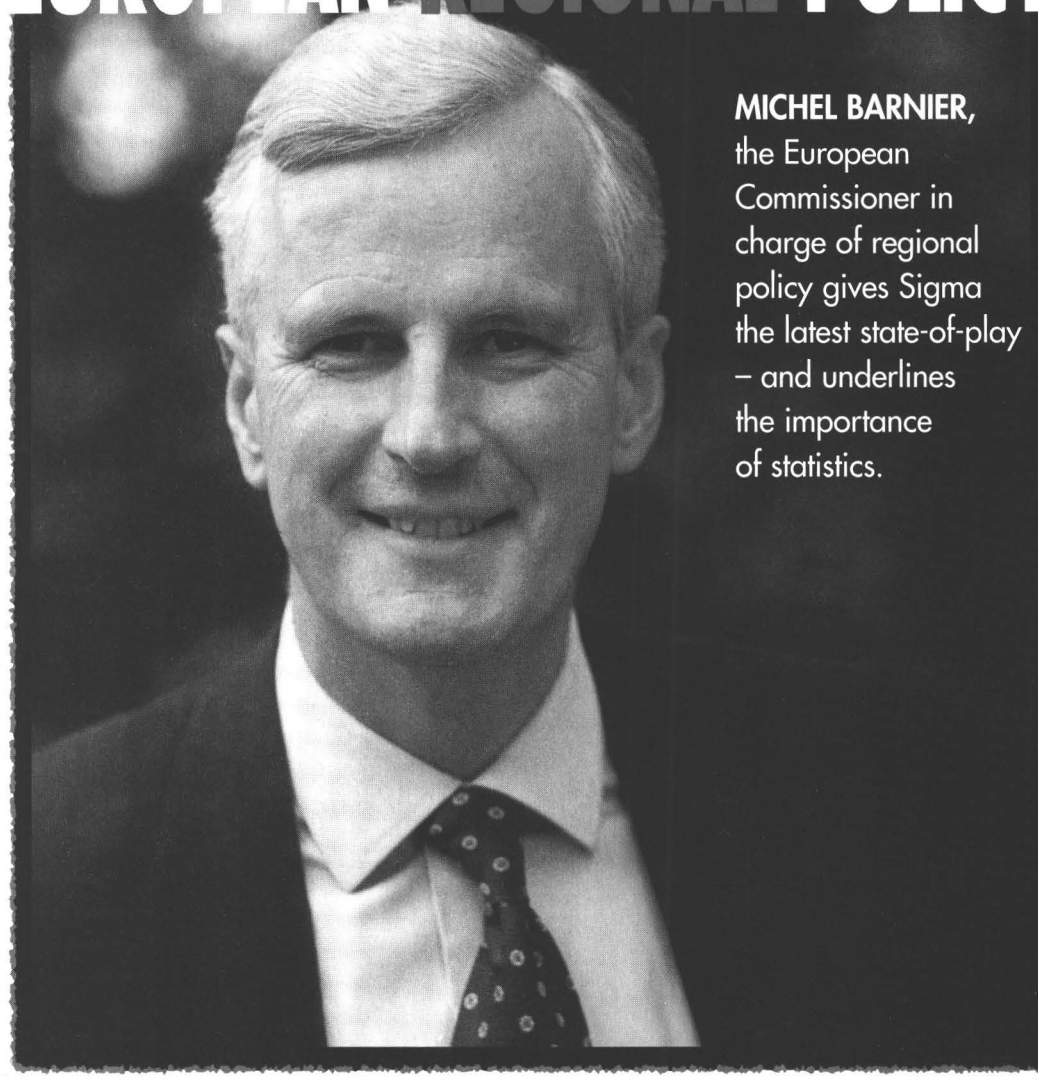
With regard to the applicant countries, the main effort in recent years has been geared to setting up or modernising their basic statistical infrastructures, mainly at national level. Now that the accession negotiations have moved forward, it is necessary to develop a system of regional statistical information.

All these are challenges that Community regional statistics must face in the coming years.

In order to meet them, we can do no better than take advantage of ongoing cooperation among all the statistical institutes of the Member States and the Union and maintain close contacts with data users. Each individual will have to work to strengthen existing links in order to optimise the circulation of information and share knowledge and methods.

Gilles Decand
Eurostat, Head of Unit, responsible for regional accounts and indicators, population and geographical information system

REGIONAL STATISTICS: an essential TOOL for EUROPEAN REGIONAL POLICY



MICHEL BARNIER, the European Commissioner in charge of regional policy gives Sigma the latest state-of-play – and underlines the importance of statistics.

There is enormous variety across the territory of the European Union in terms of its geography, economy, and social characteristics. This diversity is without doubt one of the great strengths of the Union. While diversity is not in itself a threat to unity in Europe, at the same time, no union of peoples can succeed where there are wide disparities in economic opportunities and standards of living. By making economic and social cohesion one of their main political priorities, the Member States of the European Union have demonstrated that wide disparities are unacceptable.

In order to translate this political ambition into concrete actions, the Union has increasingly needed good quality information describing regional and social conditions throughout its territory. This is especially so in the period since the reform of the structural funds in 1988 that introduced the first genuinely European regional policy based on a Community-wide vision of regional problems and opportunities.

Tests of success

In my view as the Commissioner directly responsible, European regional policy must pass two key tests of success: those of transparency and fairness, respectively. Neither test can be met without reliable and accurate statistical information. Such information, provided on a directly comparable basis, is the only way to run a modern and efficient regional policy which is capable, on the one hand, of identifying and targeting the areas of greatest need and, on the other hand, of being explained to the public and its representatives.

It has to be recognised, however, that the demand for statistical information for policy and other purposes is beyond the level that can be realistically financed from public funds at either national or Community level. The level of output of statistical indicators is inevitably governed by public expenditure constraints. The Commission must therefore make sure that the statistical indicators it supports on behalf of the Union genuinely reflect its needs.

In my view, there seems little doubt that these needs will change in future. There are several reasons for this.

First, the fully justified demands of the European taxpayer for a better demonstration of the value-for-money of expenditures under public policy in general, and regional policy in particular, calls for a reinforced effort to collect information relating to monitoring and evaluation. While there are comprehensive statistics at national level on income and employment trends, by way of example, there is scope for improvement of the timeliness and reliability of such data at regional level.

Secondly, progressive enlargement into Central and Eastern Europe will generate new needs. Harmonisation in the field of statistical information systems is one of a number of important tasks to be accomplished in the short-term in

order to extend European regional policies to new members based on the same principles of transparency and fairness as in the Fifteen. These principles apply not only to the indicators themselves but also to the process of defining, on a comparable basis, the regional units that are the building blocks of regional policy. Fortunately, the candidate countries possess a rich tradition in the field of statistics with many world-class experts and high quality institutions. I am not at all surprised by the accomplishments so far in the statistical field.

A moving target

Thirdly, Europe is changing rapidly and the moving image of economic and social life requires a statistical apparatus that is adaptable to change and that can keep up with the evolving needs of European policy. New priorities are emerging. I would like to underline three areas:

- It seems inevitable that there will be an increasing need to develop better indicators to describe the environmental situation in support of policies of sustainable development.
- In view of the increasing recognition among national governments for greater European involvement in matters of strategic spatial planning at the European level, improved indicators will be needed, for example, on regional demography (including inter-regional migration) and on the transport and other networks that structure the use of European territory. The new Geographical Information Systems are one exciting response to these needs that also exploit the great potential of the new technologies. As the author myself of an *"Atlas des risques majeurs"* (Atlas of major risks, 1992), I am very much aware of the visual impact and effectiveness of a cartographic presentation of complex information.
- The changing pattern of economic activity in occupational and spatial terms is likely to require more detailed information on trends in the labour market at regional level, including its impact on men and women, on different age groups and according to educational attainment.

The new Commission, under the President Romano Prodi, will soon present its first reflections on the future direction of European regional policy in the context of the Second Cohesion Report scheduled for publication at the end of this year. Apart from being a major application for statistical data, the report will also provide an opportunity for an initial consideration of statistical priorities for the future implementation of European policy.

Finally, I am aware that as a result of the cooperation between the national statistical institutes and Eurostat over many years, great strides have been made in both the availability and quality of regional statistics. This work must continue. It is for this reason that I will seek to ensure that, within the field of EU regional policy, such needs for high quality information are matched as far as possible by an appropriate level of resources. ■

STATISTICS IN ACTION IN EUROPEAN REGIONAL POLICY

The decisions taken in 1999 by the Member States on the future of EU regional policy, in the context of "Agenda 2000", illustrate the importance of good statistical information – and good statisticians – in the policy process. A basic requirement for introducing the new regional policy is the ability to measure accurately the nature and spatial distribution of the problems.

In effect, statistical information is being used by the Commission at four successive stages in the implementation of the new regional policy, as follows:

- ***Basic research into regional problems for the preparation of Agenda 2000***
- ***Definition of eligible zones and the allocation of financial resources***
- ***Preparation of programmes with quantified targets***
- ***Monitoring and evaluation of programmes.***

A wide range of information went into the preparation of Periodic and Cohesion Reports on the regions in 1996 and 1998, including those on issues relating to enlargement, which in turn were used as inputs into the Commission's Agenda 2000 proposals in July 1997.

Once the policy priorities of Agenda 2000 were agreed by the Member States in mid-1999, the definition of eligible zones for EU regional actions, and the allocation of financial resources, were undertaken using data mainly relating to national and regional economic situations (population, income (GDP) per capita, unemployment rates and the structure of employment).

For the purpose of setting priorities for the new generation of development programmes, the quantification of needs is essential in key fields such as infrastructure endowments, the quality of the labour force, and innovative capacity. Once quantified in this way, the same data serve a crucial role in establishing targets to be achieved by the programmes, and therefore represent the basis of the subsequent exercise to monitor and evaluate programme performance.

Whenever regional statistics are up for discussion, there is talk of 'structural funds', 'eligible areas', 'NUTS' and 'Objectives 1, 2 and 5b'. **GILLES DECAND**, Head of Eurostat's unit 'Regional Indicators and Accounts, Population and Geographical Information System', explains where they all fit in. He also gives us an insight into the history of regional policy, its major trends, and the purpose of regional statistics.

Regional policy and statistics – A LONG STORY

There is a long story behind the Community's regional policies. As early as 1957, Article 2 of the founding act, the Treaty of Rome, set the new organisation the task of promoting harmonious and balanced development of economic activities throughout the Community. Two priorities of the accompanying instruments put in place were to open up the least-favoured regions (via the European Investment Bank, EIB: Article 130 of the Treaty) and to foster State aid to the regions (Article 92). Even so, it was not until Denmark, Ireland and the United Kingdom joined in 1973 that the regional dimension of Community action really took off.

The unique position of the United Kingdom which, as a traditional importer from non-Member countries in the Commonwealth, was a major contributor to the European budget while receiving little through the Common Agricultural Policy, plus the traditional claims from Italy on behalf of the Mezzogiorno, culminated in a regional policy budget instrument: the *European Regional Development Fund (ERDF)*, set up to assist underdeveloped regions (in response to requests from Italy) and industrial regions in decline (at the request of the United Kingdom), while helping to finance productive infrastructure and investment.

An ambitious goal

In 1986 the *Single European Act* set the Community an ambitious target: to finalise by 1 January 1993 an internal market with no obstacles to the free movement of people, goods, services or capital. Accompanying measures were brought in to underpin this "large market": above all the *economic and social cohesion policy*, one of whose objectives (Article 130A) is to reduce the disparities between the levels of development of the various regions and the backwardness of the least-favoured regions, notably through the *structural funds*: the EAGGF ("guarantee" section), the European Structural Fund (ESF) and the ERDF.

The Single Act brought with it a radical reform of these funds in 1988, aimed at smoothing their operation and enhancing their complementarity in the spirit of the cohesion policy.

There were four fundamental principles[1]:

- ***Concentration*** on priority objectives and on certain regions of the Community.
- ***Partnership***, meaning close collaboration between the Commission and all competent national, regional and local authorities designated by the Member States.
- ***Planning***: five-year plans (1989-93) drawn up by the Member States; "Community support frameworks" negotiation with the Commission, setting priorities; definition of modes of intervention.
- ***Additionality***: the structural funds must add to, not replace, regional action by the Member States.

The financial resources of these funds were given a substantial boost at the same time the annual allocation doubled between 1987 and 1993 (to 60.3 billion ECU, at 1989 prices, for the whole of the 1989-93 period, plus 3 billion ECU to East Berlin and the new Länder from 1991).

A continuing process

The latest stage of this continuing process, confirming the part played by regional policy at Community level, came with the Treaty on European Union, signed in Maastricht in 1992.

Article 2 of this Treaty set the European Union, *inter alia*, the task of promoting economic and social cohesion and solidarity between Member States. The Treaty not only maintained the existing structural funds, with implementation procedures revised in July 1993 and again in June 1999, but set up the Cohesion Fund, designed to finance environmental and transport infrastructure projects in Spain, Greece, Ireland and Portugal, and founded a new institution: the Committee of the Regions. The effects of this policy are monitored under the Treaty by means of a three-yearly report on cohesion. Lastly, the financing of the fund was given a further substantial boost of 163 billion EUR (1999 prices) for the 1994-1999 planning period and 195 billion EUR for 2000-2006. The resources allocated now account for over a third of the Community budget.

Priority objectives

The 1988 reform set five priority objectives for the structural funds:

Objective 1: development and structural adjustment of regions whose development is lagging behind;

Objective 2: restructuring of regions or parts of regions severely affected by industrial decline;

Objective 3: measures to combat long-term unemployment;

Objective 4: integration of young people (aged under 25) into working life.

Objective 5a: accelerated adaptation of agricultural structures.

Objective 5b: development of rural areas.

While Objectives 3, 4 and 5a covered the whole of the Community, the scope of Objectives 1, 2 and 5b was geographically limited. Only certain regions or parts of regions – *"eligible areas"* – were able to benefit from the structural funds under these objectives.

The 1993 legislative revision left the definitions of the regional objectives largely unchanged. In 1994 a new objective appeared during the accession negotiations for the Scandinavian countries: *Objective 6*, designed to promote the development and structural adjustment of regions with an extremely low population density.

A revision for the future

The 1999 revision cut the number of priority objectives to three for 2000-2006:

***Objective 1*: to promote the development and structural adjustment of regions whose development is lagging behind.**

The title of this objective remains unchanged, but the legislation allows areas previously eligible under Objective 6 and ultra-peripheral regions as defined in the Treaty of Amsterdam to be incorporated in Objective 1 for 2000-2006.

***Objective 2*: to support the economic and social conversion of areas with structural difficulties.**

This new objective, aimed at economic and social conversion, incorporates Objectives 2 and 5b of the preceding period. It also adds other areas (urban areas in difficulty, areas in crisis dependent on fishing and areas undergoing economic change and heavily dependent on services) faced with the same problem of lack of economic diversification.

***Objective 3*: to support the adaptation and modernisation of education, training and employment policies and systems.**

This new objective replaces the former Objectives 3 and 4 and is in line with the new Title on employment in the Amsterdam Treaty. It can apply to any region in the European Union except those coming under Objective 1, with due regard for the general needs of areas facing structural problems of economic and social conversion. While respecting regional characteristics, the objective forms the reference framework for developing human resources in a Member State.

And ... statistics

Since 1988 the European Union has pursued an integrated policy of economic and social cohesion, with regional statistics playing a key role in implementing the decisions taken and keeping track of the results:

- Regions which are eligible under Objectives 1 and 2 are identified on the basis of socio-economic criteria and Community thresholds:

Objective 1: mainly NUTS 2[2] regions with a *per capita* gross domestic product (GDP), measured in purchasing-power standards, amounting to less than 75% of the Community average are eligible under this objective.

Ultra-peripheral regions (French overseas departments, the Azores, Madeira and the Canary Islands) and Objective 6 areas (with a population density of fewer than eight inhabitants per km^2) are also eligible under Objective 1 between 2000 and 2006.

Objective 2: four types of areas with structural difficulties are eligible under this objective: industrial areas (including services), rural areas, urban areas and areas dependent on fishing.

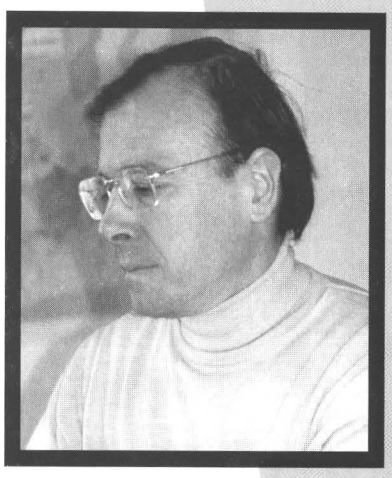
Industrial areas

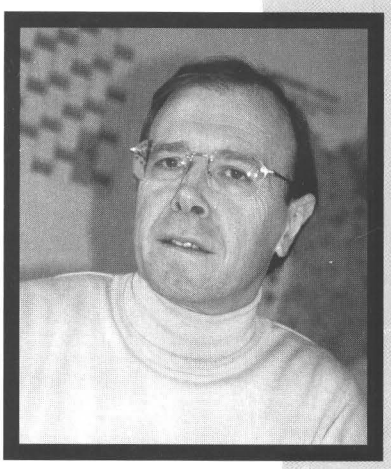
- NUTS 3 regions with unemployment rates and percentages of industrial jobs above the Community average, and showing a decline in this employment category.

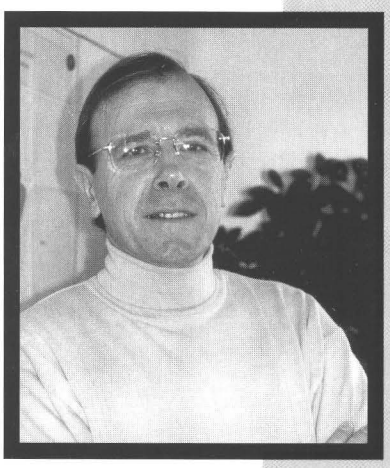
Rural areas

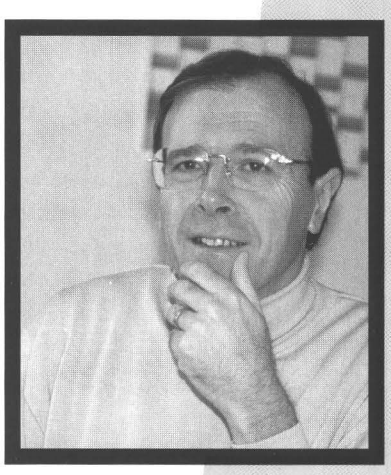
NUTS 3 regions meeting two of the joint criteria below:

- Population density of fewer than 100 inhabitants per km^2 or an agricultural employment rate at least double the Community average;









- Unemployment rate above the Community average or a falling population.

Urban areas

These areas must meet at least one of the following criteria:

- Long-term unemployment rate above the Community average;
- High level of poverty, including precarious housing conditions;
- Marked deterioration of the environment;
- A high crime rate;
- Low standard of education of the population.

Areas dependent on fishing

Eligibility criteria: a significant rate of employment in fishing and restructuring problems causing a significant drop in numbers of jobs in this sector.

- The distribution of the structural funds amongst the Member States is fixed by the European Commission on objective grounds based on statistical indicators (such as population or unemployment rates);
- The regional impact of the Community policies is more thoroughly assessed, calling for a wide range of regional statistics.

A large body of statistics is also needed to monitor the situation and socio-economic development of the regions of Europe, as in the periodic reports by the Commission's Directorate-General for Regional Policy.

To meet this challenge, and with the help of the national statistical offices, Eurostat has organised and put in place a proper system for collecting and disseminating regional statistics and indicators.

NUTS – a vital tool

Any regional statistics must rest on a geographical division of the territory under observation. The *nomenclature of statistical territorial units* (NUTS) was devised in collaboration between Eurostat, the other Commission departments and the Member States as a uniform and consistent territorial demarcation system for compiling Community regional data.

NUTS was founded and expanded on the following principles:

- To favour the existing institutional boundaries in the Member States, chiefly for practical reasons of data availability and regional policy implementation;
- To favour general regional units over territorial units specific to particular fields of activity (agricultural areas, employment areas, transport areas etc).

NUTS is a 3-level hierarchical classification. Since administrative structures in the Member States are generally found at two main regional levels (*Länder* and *Kreise* in Germany, *Comunidades autonomas* and *provincias* in Spain, *régions* and *départements* in France, and so forth), an additional level was specified with the aim of identifying, at each level, territories which are comparable in terms of economic size. This extra level thus represents an administrative structure which, if it exists at all, is less clear-cut, and may be found at any of the first three NUTS levels, depending on the Member State: at level 1 for France, Italy, Greece and Spain, at level 2 for Germany, at level 3 for Belgium, etc.

The growing demand in recent years for local (i.e. infra-regional) data has encouraged Eurostat to identify two further NUTS levels, of which only one – level 5 – applies to all Member States.

Talking indicators

The *regional economic accounts* are the kernel of Community regional statistics. They are the source of some of the most widely used indicators (GDP, employment) in regional policy management. The accounts are drawn up according to the European System of Integrated Economic Accounts (ESA). Since fewer statistics are available at regional than at national level, the regional accounts are only a sub-set of the accounts and aggregates in the ESA.

The regional accounts by branch (a 17-branch breakdown at NUTS level 2 of value added, employment, earnings and gross fixed-capital formation; a breakdown of value added and employment into three groups of branches at NUTS level 3) measure the productive structure of regions and enable regional GDP to be calculated.

Methodological work in recent years on regional sector accounts (households and general government) will ultimately make information available at regional level on, for example, the disposable income of households and public investment by function. This will show up regional disparities not only in productive potential (GDP), but also in the wealth of a region's inhabitants (household income).

Social statistics, too, are key indicators for regional policy. Harmonised unemployment rates[3] are supplemented with demographic data, the regional results of the labour force survey and some social indicators.

Where *agriculture* is concerned, the current statistics on land use and crop production and the regional results of the Community livestock population (cattle, pigs, sheep) and farm structure surveys form, together with the regional accounts for agriculture, a coherent data set giving an overview of agriculture in each region.

Lastly, along with the three pillars of Community regional statistics (regional accounts and social and agricultural statistics at regional level) there are, or soon will be, other domains in which the regional dimension is important or even paramount: statistics on *transport* (Community surveys of road, rail and inland waterway transport), *energy*, *industry* (regional applications of industry surveys) and *research and development* (particularly expenditure and human resources), and *urban statistics*.

The developments we have seen over the past few years leave the importance of regional statistics beyond question, and there will undoubtedly be many more challenges facing them in the future. ■

1 For further details, cf *Community Structural Funds: Regulations and Comments*, Commission of the European Communities, 1993.

2 Nomenclature of Statistical Territorial Units: see below.

3 These rates should be interpreted with caution, however, since they are heavily influenced by migratory phenomena: for example, the active population of a region in crisis may emigrate, leaving the region with only a moderate unemployment rate.

In order to get a better grasp of the importance of statistics for regional policy, Sigma's **FRANÇOIS VERMEULEN** went to see **BERNARD LANGE**, the man in charge of socio-economic analysis for the regions and – in addition – Eurostat's contact point at the European Commission's Directorate-General for Regional Policy.

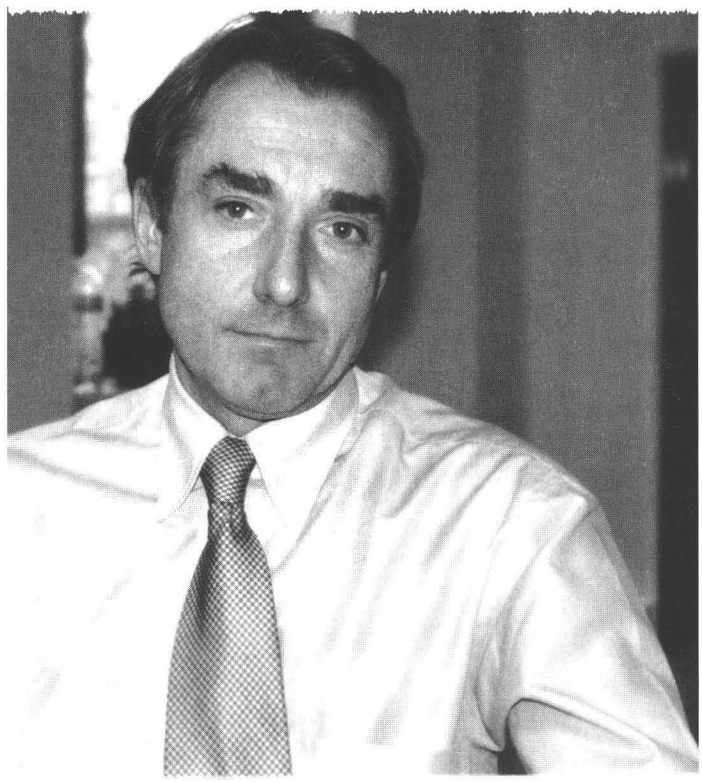
Objective criteria to target regional projects

The future starts now at the Regional Policy DG but the way forward is not yet clear. Reforming structural policy and expanding the Union to Eastern Europe and the Mediterranean in the coming years mean that planning structural aid is both trickier and yet easier. The reason lies in the emphasis on objective criteria in drawing up programmes. Mr Lange helps to explain the challenges ahead.

Structural aid and enlargement

"Although it is not possible at the moment to provide a clear picture of how regional aid will affect the applicant countries once they have joined the Union, it has to be said that pre-accession financial instruments covering the period from 2000 to 2006 already exist. In addition, there have been proposals outlining the financial arrangements after accession, given that the applicant countries will have to accept the *acquis communautaire* on cohesion.

"The three instruments are the Phare programme (EU action programme for restructuring the economy in Central Europe, currently covering 11 countries) with an annual budget of 1.5 billion EUR, the ISPA programme (instrument for structural policies for pre-accession) that operates side-by-side with the Cohesion Fund and has an annual budget of 1 billion EUR, and the Sapard programme (special accession programme for agricultural development), an agriculture instrument that runs to 500 million EUR per year. These funds will help the applicant countries get ready for accession."



Bernard Lange, a Belgian national, is already into his second professional career. He spent ten years, between 1976 and 1986, in the academic world: first as a student, then becoming involved in research work and finally ending up as a lecturer in the agricultural studies department at Gembloux, a university institute with 100 years of tradition and a worldwide reputation for research in life sciences.

In 1986 he migrated from country to town and became a Commission official in the Directorate-General for Regional Policy. The master's degree in urban and regional planning that he had gained in 1980 had already demonstrated his interest in urban studies, although he acknowledges a deep attachment to the countryside.

Bernard Lange now heads the Eurostat unit dealing with "Socio-economic analysis of the regions". He is primarily responsible for looking at the regions' eligibility for Objectives 1 and 2, assessing development objectives and managing relations with the applicant countries.

Objective criteria

"The funds are allocated with the help of objective criteria that rely mainly on harmonised statistical information from Eurostat". As Mr Lange is at pains to point out: "The Commission makes no distinction between Member States and applicant countries when it comes to the principles governing the allocation of financial resources.

"Not every applicant country has a regional breakdown of its administrative structure that matches the nomenclature that is used in the present Union. But the fact is that eligibility for aid to less developed regions (Objective 1) and to regions undergoing economic and social change (Objective 2) is based on indicators at the NUTS 2 and NUTS 3 level."

Administrative breakdown

What is the current situation in the applicant countries in this regard?

"The concept of regions for the countries of Eastern Europe is in a state of change. Some countries have worked out or are in the process of working out how to decide on their regional administrative divisions. We can expect a lot of changes in the future. The applicant countries see this as a major economic and financial challenge, which will also come up in future accession negotiations. Some countries may be tempted to decide on administrative divisions to ensure maximum coverage by the structural funds under Objective 1. It is possible that some regions containing major cities, that are generally prosperous, include less well-off areas so that they qualify for structural aid. But the applicant countries would not be the first to do this; the same thing happened recently in the European Union."

Uniform rules

"The Commission will simply ensure that the rules defining regions are applied with the utmost uniformity throughout the applicant countries and the Member States.

"In the case of the current Union, the Directorate-General for Regional Policy works with the Member States to establish the areas that qualify for structural aid. This is an operation that is not so easy as it sounds, since aid will have to be focused to a greater extent than in the past.

"The Council adopted the new structural regulations last June. The Commission made the first implementing decisions in July, and these included the list of regions for Objective 1, the financial breakdown by Member State and the population ceilings for eligibility under Objective 2. The Commission has recently adopted the list of regions that qualify for Objective 2 for eleven Member States and is awaiting a revised proposal from Italy. It is a tricky job for the Member States, since it involves a stricter geographic focus; the areas can include only 18% of the Community population, compared with 25% under the old Objectives 2 and 5b."

Other projects

"The other important job we are working on at the moment is the launch of the planning operation, i.e. defining the planning strategies for Objectives 1 and 2 and devising the operational programmes. This should take us up to the end of 2000.

"The third project involves preparing the second report on cohesion, the main theme of which will be the forthcoming enlargement. Like the first report at the end of 1996, it will have to review progress on economic and social cohesion at national, regional and social levels. It will also have to look at how Community regional policy and other policies have helped."

The future Union and cohesion

"We don't want to rehash the first report but will instead focus on policies that have seen significant change since 1996 and on policies that were not covered in the first report, such as fiscal policy or Economic and Monetary Union. Lastly, we shall also take a look at how enlargement will affect the future cohesion of the EU."

How do you envisage the future Union: EU25 or EU27?

"It is too early to say. It really does not matter whether there are 25 countries (EU15 plus the ten Eastern European applicant countries) or 27 countries with Malta and Cyprus, or even 28 if we include Turkey. Whatever the situation, the report will need statistical information that is as up-to-date as possible so that a relevant and proper analysis can be made of economic and social cohesion in the Union."

Statistical information seems to play an increasingly important part in the work of the Regional Policy DG. Mr Lange was therefore asked to explain how this had come about.

"It is true that, since the reform of the structural funds in 1988, statistics have had a central role in formulating, implementing and monitoring structural policy.

"In the first place, the formulation of structural and cohesion policy relies on the regional analyses that are made in the regular reports on the situation in the regions of the Union or in the report on cohesion.

"When it comes to implementing policies, geographic eligibility is based solely on quantitative indicators that reveal the seriousness of structural problems: GDP per capita, for example, for Objective 1 regions, or the unemployment or industrialisation rates in the case of Objective 2 regions. The second point that needs to

Pre-accession instruments

As part of the "accession partnership" for each applicant country, the European Union decided at the Berlin Council in March 1999 to double pre-accession aid for 2000-2006 and to create two new structural instruments – ISPA and Sapard – to accompany the existing Phare programme. This means that there are now three financial instruments with different objectives:

- **Phare** is designed to strengthen the institutional and administrative structures of the applicant countries and to finance investment. An annual 1.56 billion EUR is allocated to this budget line.
- **ISPA** focuses on infrastructure in the transport and environment sectors. Annual expenditure under this budget line amounts to 1.04 billion EUR.
- **Sapard** provides 520 million EUR for agriculture, to improve arrangements for the processing, marketing and quality control of foodstuffs.

be mentioned is that from now on the allocation of financial resources will be based solely on objective criteria relating to the regions' problems (GDP per capita, GNP of Member States, unemployment figures, etc).

"As for monitoring policies, quantitative assessments have become more and more important and are systematically used for all operational programmes. These assessments include quantitative objectives as much as possible. This means that, here too, there is a tremendous need for statistics."

Statistical information clearly plays a more and more central role in structural policies. You just need to look at recent official publications of the European Communities to see how often phrases such as "objective statistical bases" or "objective criteria" appear to understand how important they are. As Mr Lange points out, this trend does not seem likely to stop.

Stricter objective approach

"For the 2000-2006 planning period, the objective and quantitative approach has been strengthened. In the case of geographic eligibility for the old Objectives 2 and 5b – now Objective 2 – there is no longer any qualitative assessment of the areas that the Member States propose. That was how it worked in the past, notably for areas under Objective 5b.

"Also, when it comes to sharing financial resources among the Member States, the political aspects that were still, to some extent, a feature of previous planning periods (1989-1993 and 1994-1999) have been virtually abolished. It can be said that 213 billion EUR has been allocated solely using objective criteria. The Berlin Council in March allocated 2-3 billion EUR for political reasons, but this was just a fraction of the overall total."

In view of the Regional Policy DG's current and future needs in terms of statistics, Mr Lange is probably in an ideal position to assess to what extent data meet current requirements and to outline what is hoped for in the future.

Do you feel that the statistics you get are suitable, objective and reliable enough?

"I think so, yes. Thanks to the tremendous efforts of Eurostat departments in collaboration with the national statistical institutes, the various Commission services have, whenever they need it, the quantitative aid that allows them to have an objective, comparable and up-to-date picture of the Member States in relation to each other and of the regions within each country."

Better local understanding

"Be that as it may, there are still two areas that call for greater effort in the future. On the one hand, we would like to have a better local understanding of what is happening in the Community, while on the other we would like to have a better understanding of the situation in the regions of the applicant countries. In the former case, there is very little information below NUTS 3 level. It would help in getting a better picture of circumstances in the areas that qualify for the new Objective 2, since these areas do not always match current administrative divisions.

Reform of structural policy

Current structural policy, under Agenda 2000, differs from previous policy in two respects: stricter geographic focus and programme rationalisation:

- *the population covered by structural policy has been reduced from just under 50% to 42.7% of the total population of the European Union;*
- *priority objectives have been cut from seven to three, with Community initiatives down from 13 to four.*

"In the latter case, we need to upgrade the quality of data to improve the comparability of statistics between the Union and the applicant countries. In addition, we need more information concerning future areas of involvement for the financial instruments, covering in particular the existence and quality of infrastructure, human resources and the production environment."

Could you specify some of these future needs?

"Well, for example, geographic knowledge of land in the Community. Increasingly, alongside statistical information in the strict sense, we need cartographic data. This is an area where major developments are likely, and the Regional Policy DG will be a big user of such data.

"It must also be said that the development of urban policy – involving much smaller geographic units, such as districts in a town – requires a new kind of statistical and cartographic understanding of the Community. Here, too, the work that is already under way at Eurostat needs to be continued and expanded.

The little known production environment

"Next, at regional level, it has to be acknowledged that the production environment, that includes SMEs and direct investment flows, is still largely unknown. This is either because there are statistical barriers stemming from problems of confidentiality or limitations in the coverage of business surveys – SMEs are sometimes too small to be included – or because there is just no information at this level. As for direct investment flows, they exist only at the national level. Achieving regional coverage of these flows is a very long-term venture.

"Finally, there is still an area where the quality of data could be improved: purchasing power parities. These provide an important indicator for comparing income levels among Member States and regions. Our DG is currently working closely with Eurostat to improve the quality of these PPPs, the ultimate aim being to have regional figures. At the moment, regional PPPs do not exist." ■

Regional statistics serve a dual purpose within the European Communities. They are widely used for the implementation of structural aid programmes, and by the Competition Directorate-General to assess whether regional aid is compatible with Community rules on competition. Sigma's **FRANÇOIS VERMEULEN** spoke with **LORETTA DORMAL-MARINO**, Director for State aid in the Competition DG, who shed some light on this dual function.

STATISTICS WATCHING over STATE AID

Discussing regional aid in the offices of the Competition Directorate-General might seem a daunting task, rather like discussing the virtues of secularism with the General Synod. However, an interview with the official responsible for regional aid soon lays these fears to rest.

"It is true that in principle State aid is incompatible with the single market", says Ms Dormal-Marino, "but the Treaties allow for exceptions to the ban and the Member States may grant aid for regional purposes under certain conditions. There are, broadly speaking, two types of region, those with lagging development and those which have socio-economic problems.

"The Competition DG compiles regional aid maps showing 'eligible regions' in each of the Member States, decides on the intensity of the authorised aid and checks that the aid schemes are compatible with the principles of the single market. The fact that a region appears on the eligibility map does not, therefore, necessarily mean that public subsidies are authorised. The schemes must also comply with rules other than location and intensity, such as eligible expenditure, conditions governing the minimum participation of the beneficiary, certain rules specific to the 'sensitive' sectors, etc."

Ceilings

"The first rule for regional aid is very simple: total coverage must remain below a given percentage of the Union's total population, as fixed by the Commission; for the 2000-2006 scheme it is 42.7%. For regions of lagging development, eligibility is based on the region's per capita GDP, which must be less than 75% of the Community average, at the NUTS 2 classification level. For the other regions, the basis is this overall ceiling, excluding regions of lagging development, and the national population coverage ceilings are then divided up among the Member States according to the regions' relative socio-economic situation, with a minimum threshold of 15% per country. This is the backdrop. It is then up to the Member States to present their proposals for regions within the given ceiling and to justify these proposals on the basis of a specific methodology. The regions are at the NUTS 3 level. Aid intensity is lower here than in the regions of lagging development."

Ms Dormal's Directorate has been a hive of activity recently, since as from the spring of 1999 each Member State has been submitting its proposals for aid maps for the period 2000-2006, which the Competition DG has then had to examine. The Commission has given the complete go-ahead to Denmark, Finland, Ireland and Greece, and a partial go-ahead to Portugal and Germany. The other Member states have all presented their maps to the Commission, which still has to decide whether to accept or reject them.

Surely this means that you need a substantial volume of data?

"Precisely. We need an enormous volume at the NUTS 2 and 3 levels – statistics covering population, GDP and unemployment. These data will be used, more particularly, to fix a population ceiling within each Member State below which each country suggests areas, using its own statistics if it wishes. It is then up to us to check that the sources are reliable and that the series stands the test of time. We also use Eurostat's New Cronos database. We especially need data for regions with socio-economic problems, since areas of lagging development are relatively straightforward."

> Regional aid here means the transfer of public resources for initial investments, the creation of jobs linked to those investments or, in exceptional cases, the running of businesses based in a given region.

'Lagging development', 'socio-economic changes' are terms we find scattered throughout the literature from the Regional Policy Directorate-General, which administers the structural funds. *Why does the Competition Directorate-General compile maps which have already been prepared by colleagues from the Regional Policy DG? Surely this is duplication of effort?*

Different but not separate

"These are two different exercises", Ms Dormal-Marino replies. "Our maps are used to define regions where investment may benefit from national aid or from co-financing via the structural funds. However, although we may be conducting a different exercise, we are not working totally in isolation. The structural funds and regional aid maps generally overlap, even though they are not a perfect match.

The Commission wants as much similarity as possible, but it is also perfectly possible for an objective 2 region not to be included on our map and vice versa. Areas eligible for structural funds not shown on our grid cannot receive State aid directly from the Member State or under co-financing arrangements unless the investments are in infrastructure or come under horizontal schemes for SMEs, research and development, environmental protection or training, in particular.

"Currently, the structural funds maps are often larger than the regional aid maps, given that the Structural Funds coverage is wider than regional aid. The Commission is going to try in the future to reverse this relationship and, in the meantime, to achieve the highest possible coherence between the two. This is why, in line with Agenda 2000 stated objective of ensuring a maximum EU population coverage rate of 40% by the structural funds, the Commission has defined a 42.7% ceiling for regional aid. We have already taken a further step in this direction by harmonising the period when the maps apply: the next two will be valid for the period from 2000 to 2006."

When it comes to granting aid to areas with socio-economic difficulties, the Member States have a certain amount of leeway. They may provide their own indicators but they have to argue the case for their own aid schemes. The Commission has powers of discretion to decide whether the planned aid can be granted an exemption. In this context, access to reliable and objective statistics is vital.

Taking the economic view

How reliable, then, are the statistics which the Competition DG has available nowadays?

"We have no problem with relying on Eurostat data. With some Member States, there are gaps in GDP figures for the NUTS 3 regions, but that is not the major concern. The main problem is that the breakdown at the NUTS level is essentially an administrative one. For us, a breakdown with a greater economic bias would be more useful. We would need, for example, to define uniform areas such as 'travel-to-work areas', to provide a better picture of a given region. In some cases, cities throw up a high level of GDP but the real picture is much less rosy owing to the number of commuters in the regional economy. Another indicator would be, for example, travel-to-work areas or job offer areas, since it would seem that the unemployed tend to travel shorter distances than employees who are changing jobs in order to climb further up the ladder in their professions.

"We sometimes have to cope with the fact that the data are not appropriate for the present situation. Censuses are generally carried out every ten years. In addition, the NUTS 5 – municipal level – relates back to a 1991 breakdown, and there have since been mergers and other changes. When you realise that there are some 98,000 municipalities in the Union ... Member States have been known to criticise us for not having sufficiently recent data when they know that there will be problems in a given area because a large factory is about to close. We are, however, quite prepared to use national data and statistics where necessary if they are more up to date than Eurostat's.

"In the future, we should also like to be able to use data from geographical information systems, such as are available under Gisco[1], to identify the borders of municipalities and travel-to-work areas and monitor changes over time. Some information already exists, but is not necessarily validated by the Member States. In some cases, boundaries overlap."

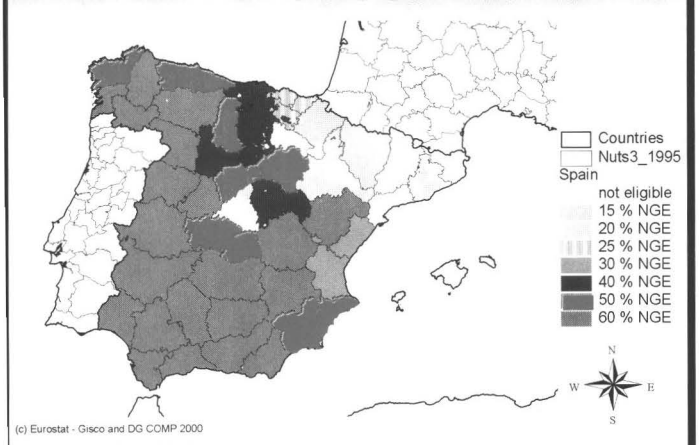
1 GISCO: Geographical Information System for the Commission, promoted by Eurostat.

The areas covered by regional aid

"... aid to promote the economic development of areas where the standard of living is abnormally low or where there is serious underemployment..." (Article 87(3)(a) of the EC Treaty), which means regions which are extremely disadvantaged economically compared with the Community as a whole. **Criterion**: per capita GDP, measured in terms of purchasing power standards, below 75% of the Community average, these two indicators being calculated on the basis of an average of the last three available years.

Regions in difficulty (at national level) (...) which are disadvantaged compared with the national average (cf. Article 87 (3)(c) of the EC Treaty). **Criterion**: five objective and relevant indicators illustrating the socio-economic disparities of the regions within a Member State.

REGIONAL STATE AID MAP 1999



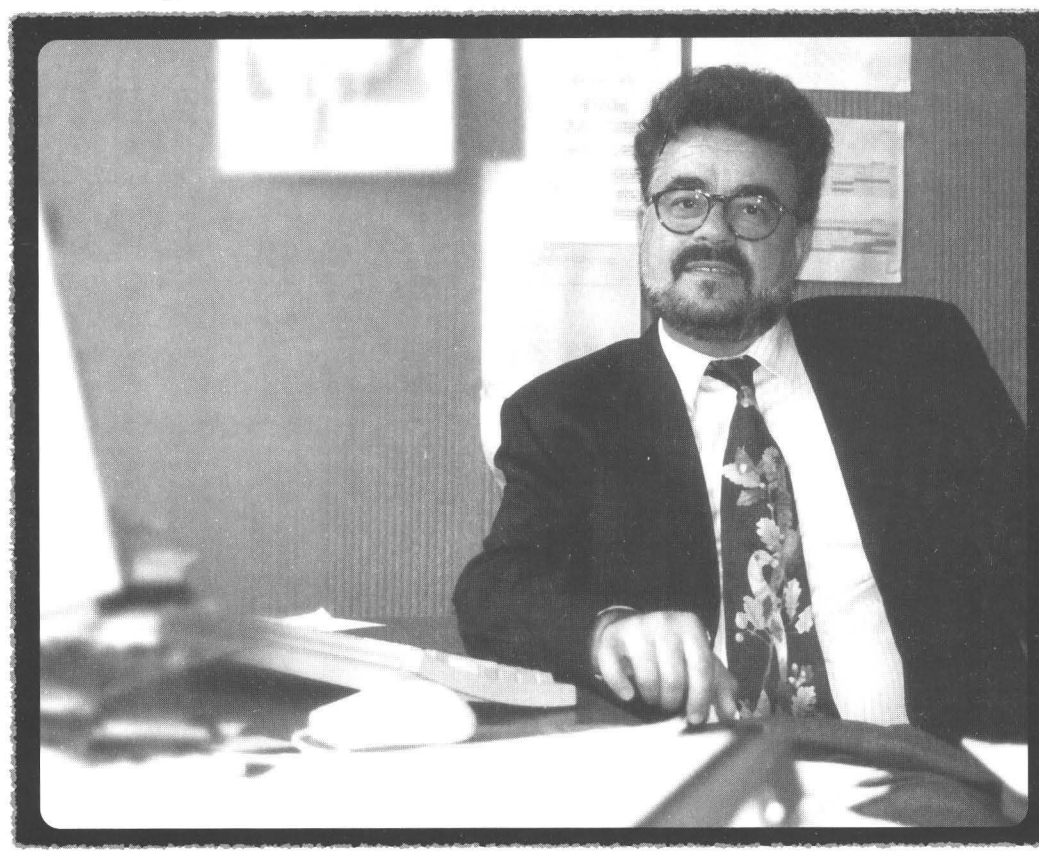
The map above shows Spanish regions entitled to receive state, national or Community, aid targeting their development by favouring investment, employment creation and improvement of infrastructure for 1999.

DG 'Competition' checks whether this aid meets the competition rules of the Commission. Basically, it concerns aid directly targeted towards large businesses.

The coloured areas indicate the areas eligible for State aid as well as the maximum amount of acceptable aid, given the socio-economic situation of the region within the wider Community context. This amount is expressed in NGE (net grant equivalent), namely a percentage of the total admissible cost of the project.

DR BERTHOLD FELDMANN heads Eurostat's 'Regional Accounts and Indicators' section, and is thus responsible for the REGIO databank. **BARBARA JAKOB** of Sigma talked to him about this area of statistics, which is not just important for the EU's regional policy.

REGIONAL DATA – not just for policy purposes



Regional data are primarily used to identify regions that are to receive EU support from the Structural Funds.

However, this important application is not the only reason for compiling regional statistics. According to **Dr Berthold Feldmann,** "a great number of users are interested in statistics covering small areas. They want to know what is going on in the regions and how the population, social environment and economy are developing.

"Information providers are also justified in asking for feedback in the form of information about their region and do not want to see their data simply swallowed up in the larger national and European aggregates.

"In theory," says Feldmann, "the sections of regional statistics which have a statutory basis are more thoroughly harmonised." This is also true of data on employment and unemployment from the Labour Force Survey, for which a common methodology is applied throughout the EU. Feldmann expects a further move towards harmonisation in the regional accounts with the implementation of the ESA 95 Regulation, since the calculation methods for all the 15 Member States will then become legally binding, whereas up to now, the European System of National Accounts has only had "recommended" status. The comparability of data is expected to be substantially enhanced by the application of ESA 95.

Most of the regional data from other statistical domains – for example, on agriculture, tourism, transport etc., are provided on a voluntary basis. "As a result, they are inevitably less harmonised", Feldmann continues. "Survey and calculation methods differ considerably from one Member State to another in some cases, and greater harmonisation would undoubtedly lead to a substantial improvement in quality and greater comparability."

On a voluntary basis

"We are reluctant to venture into the realms of new European legislation, though", says Feldmann. "Instead, we prefer to achieve improved cooperation and comparability on a voluntary basis to ensure that we are supplied with the complete range of the most important data."

In order to improve the quality of such important data as gross regional value added, gross fixed capital formation and regional employment and unemployment, two extremely important projects were started in the autumn of 1999.

"First of all, by the summer of 2000, the existing screening reports of the Member States will be revised and assessed to obtain uniform quality reports on regional statistics in order to make suggestions for improvements at the next stage of the project. We are talking here about the primary data of the national statistical offices.

"In the second project, two task forces have been set up to make a detailed check of the methodology behind the Eurostat calculations of regional GDP and regional unemployment rates, and if necessary to perfect them further. The aim here is to improve Eurostat's calculations and estimates.

"A further important item in the work for the year 2000 is a project to establish a legal basis for the NUTS classification, the system of territorial units. "The delimitation of regions on the basis of the administrative structures in the Member States is closely linked with NUTS", explains Feldmann.

"So far, this system has not been laid down in the European area by any legal document (regulation or directive). It is therefore not clear who regulates NUTS and by what procedure it can be amended. In practical terms, the changes to a Member State's administrative structure are directly integrated into the NUTS. This has the disadvantage that we no longer have any long series for the countries that have amended NUTS. This results in the loss of an important analytical tool that is in great demand.

"Besides, it is sometimes difficult to really judge the actual importance of the administrative change. But, Eurostat must make sure the modifications to the NUTS are not simply made to maximise the European Structural Funds contribution.

"For this reason", Feldmann continues, "Eurostat and the Commission's Directorate-General for Regional Policy are aiming to see a legal instrument introduced in order to regulate the handling of the NUTS classification and to set out the rules for introducing amendments, including the frequency of such amendments."

Regional statistics have another special characteristic: to obtain reliable data we need larger random samples for the regions than for aggregated data at national or European level. The more detailed the breakdown, the less reliable the data become if the relative size of the

WHAT ABOUT NUTS?

The EU's economic area is broken down using the Nomenclature of Territorial Units for Statistics (NUTS).

There is a five-level breakdown. The first three levels represent the actual NUTS regions, whilst levels 4 and 5 are a type of local territorial unit.

The table shows which regional territorial units are to be allocated to levels 1 to 3.

In the early 1990s, levels 4 and 5, which refer to the local level, were defined in addition to the first three levels. However, only the lowest (5), which corresponds to local authority areas, such as *'communes'* and municipalities, is used in all Member States.

For practical reasons especially, NUTS generally follows the national administrative classifications because statistical data are more readily available.

Since NUTS has so far not been governed by legislation and because it follows the administrative breakdown of national territories, changes in these structures in some Member States, as happened most recently in 1999 in the United Kingdom (on a large scale) and in Finland, Sweden, Ireland and Germany, have led to changes in the territorial system and thus, in some cases, changes in statistical data and a break in the time series.

	NUTS 1		NUTS 2		NUTS 3	
BE	Régions	3	Provinces	11	Arrondissements	43
DK	-	1	-	1	Amter	15
DE	Länder	16	Regierungsbezirke	40	Kreise	441
GR	Groups of development regions	4	Development regions	13	Nomoi	51
ES	Agrupacion de comunidades autonomas	7	Comunidades Autonomas + Ceuta y Mellila	17 1	Provincias + Ceuta y Mellila	50 2
FR	Z.E.A.T + DOM	8 1	Régions + DOM	22 4	Départements + DOM	96 4
IE	-	1	Regions	2	Regional Authority Regions	8
IT	Gruppi di regioni	11	Regioni	20	Provincie	103
LU	-	1	-	1	-	1
NL	Landsdelen	4	Provincies	12	COROP regio's	40
AT	Gruppen von Bundesländern	3	Bundesländer	9	Gruppen von Politischen Bezirken	35
PT	Continente + Regioes autonomas	1 2	Comissaoes de coordenaçao regional + Regioes autonomas	5 2	Grupos de Concelhos	30
FI	Manner-Suomi/Åland	2	Suuralueet	6	Maakunnat	20
SE	-	1	Riksområden	8	Län	21
UK:		12		37		133
England	*Government Office Regions*	*9*	*Counties (some grouped); Inner and Outer London*	*30*	*Upper tier authorities or groups of lower tier authorities (unitary authorities or districts)*	*93*
Wales	*Country*	*1*	*Groups of unitary authorities*	*2*	*Groups of unitary authorities*	*12*
Scotland	*Country*	*1*	*Groups of unitary authorities or LECs*	*4*	*Groups of unitary authorities or LECs (or parts thereof)*	*23*
N. Ireland	*Country*	*1*	*Country*	*1*	*Groups of districts*	*5*
EU15		78		211		1093

random sample remains the same", Feldmann explains. For example, whilst a 5% sample is sufficient for statistics for Germany as a whole, we may need to go up to 20% to obtain reliable data for a specific region. However, larger samples mean higher costs and a greater burden on the information providers.

"Here we have to weigh the needs of statistical users against the costs."

Substantial data resources

Does it make any difference for regional statistics whether a country is organised on a centralised or decentralised basis?

Feldmann: "There are most certainly differences as far as the compilation of regional statistics is concerned, but there is no straight answer to the question. On the one hand, countries with a strong federal structure traditionally have a much greater volume of regional statistical data. On the other hand, in centrally organised countries there would appear to be fewer losses in the process, whereas in strongly federalised Member States, there are sometimes conflicts of responsibility."

The preparation of the applicant countries and the collection of the first data based on the European system have high priority in regional statistics, too. "We are very pleased with the results achieved", Feldmann reports. "Most applicant countries have already supplied data and we are in the process of building up a second databank with the information they have supplied. We still have to check, however, to what extent the data are comparable and what methods are applied. A major task for these countries is to define the regions, and this has not yet been completed in some cases.

"We do, however, have very close contacts with all applicant countries and their readiness to cooperate is very evident."

Further extension

As far as extending the range of regional statistics is concerned, Feldmann sees several possibilities: "The European Consultative Committee for Statistical Information in the Economic and Social Sector (CEIES) drew up a long shopping list two years ago. We are going to discuss it with the Member States and check what is realistic and what cannot be done.

"One very interesting aspect which does not usually come under regional statistics because it is not connected with NUTS classification, is urban statistics. The Commission and the public at large have a growing need for information about cities and conurbations in the EU. This is an area of regional statistics which can and should be developed further." *(See also article on p. 24ff)*

The range of regional data

The main European data available at regional level are assembled into eight sectors in the **Regio** database:

- Population,
- National accounts,
- Unemployment,
- Labour Force Survey,
- Energy,
- Agriculture and Forestry,
- Transport, *and*
- Research and Development.

This year (2000) other sectors will be added including tourism and the structure of industry and services.

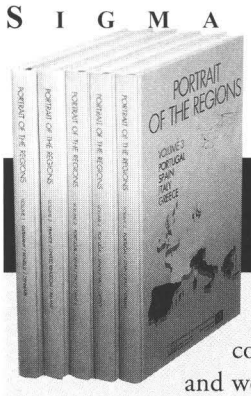
In line with the main purpose of regional data at European level – namely, the production of indicators for establishing the amount of support to be given to regions – data from the **regional accounts,** such as gross value added, compensation of employees, the employed population, employees and gross fixed capital formation constitute an important part of the data available at regional level throughout the EU. They allow the GDP of the regions to be calculated, which incidentally is also available for the countries of central Europe.

In accordance with ESA 95, in 2001 the accounts of private households will be produced for the first time also at regional level, which will allow for inter-regional comparisons, for example, in available income and thus provide information about regional prosperity.

Central to **social statistics** are unemployment figures, which are derived from a combination of the results of the Community Labour Force Survey, data on the number of registered unemployed and estimates of the employed population. These data are supplemented by regional results from the Labour Force Survey, population data and several other social indicators.

In the **agricultural sector**, data are available on land use, livestock population and the structure of agricultural holdings, and on other topics from agricultural accounts.

Limited regionalised data are available for the **transport, energy, tourism, industry** and **research and development sectors,** and for the new field of **urban statistics.** ■



PORTRAIT OF THE REGIONS

Providing an exhaustive, detailed and comparative approach to the strengths and weaknesses of Europe's regions is the aim of the *Portrait of the Regions* series. It contains statistical data, expressed not only in written profiles but also as graphs and tables, on each region's territory and resources, environment, transport, communications and service infrastructure, population, economy and employment.

Following on from the first four volumes on the EU and EFTA member states, six more richly illustrated and detailed volumes are dedicated to the applicant countries of Central Europe. Volume 5, devoted to Hungary, appeared in 1998. Volume 6, illustrating the regions of the Czech Republic and Poland, and Volume 7, which deals with the Slovakian and Romanian regions, are currently in print.

Three more volumes covering the last five Phare-countries are in preparation: Estonia, Latvia and Lithuania share Volume 8, while Slovenia and Bulgaria are the subject of volumes 9 and 10 respectively. Special efforts have been made to enhance the graphical presentation of these latest volumes, which are scheduled for publication in the course of the year 2000.

In **DR BERTHOLD FISCHER**, responsible for regional integrated economic accounts in the Baden-Württemberg Statistisches Landesamt (Regional Statistical Office), **BARBARA JAKOB** from Sigma found a keen advocate of regional statistics and an enthusiastic supporter of the European project. He explained how regional accounts are organised in the federal state of Germany, how they differ from other statistical disciplines and what we can expect from them in the future, not least as a result of the introduction of ESA 95, the updated European system of integrated economic accounts.

Differing views make for progress

Berthold Fischer cannot understand why the federal system is ridiculed as being too unwieldy. "Cost is a misleading argument", he says. "Differing and contradicting views make for creativity and progress."

Regional accounts in Germany are organised according to the federal state structure. The *'Länder Regional Accounts'* working party, in which all the statistical offices of the 16 *Bundesländer* are represented, is the body that deals with any issues to be tackled and decides on the programme.

The Baden-Württemberg Statistical Office, which employs Fischer, heads this working party. In this capacity, his duties are to manage, publish jointly all the regional accounts data and deal with the mainframe processing of regional data right through to their final aggregation.

The work on data compilation itself is divided up between the working party members with, for example, Bavaria taking responsibility for calculating disposable income for all the *Bundesländer* and North-Rhine Westphalia for calculating value added in the manufacturing industry, not only for the Land itself but also for all the other *Bundesländer*.

"So each member of the working party has a clearly defined role", says **Fischer**, describing the way the working party operates. Once the results have been cleared for mathematical and technical consistency and plausibility and consensus has been reached between the *Länder*, the figures for the individual sectors of the economy are collated and the data are aggregated to produce the final result, namely GDP. This is again the task of the Baden-Württemberg Statistical Office, which chairs the working party.

Dr Berthold Fischer's fascination for statistics and econometrics originated during his studies in macroeconomics at the University of Freiburg/ Breisgau. As a young graduate, he remained at Freiburg University to write his doctorate on what he describes as "a highly theoretical econometrics subject". Subsequently, he went straight into practical work. Since April 1982 he has been at the Baden-Württemberg Regional Statistical Office, first in specialist statistics, or more precisely construction statistics, before discovering his passion for regional accounts in mid-1991.

Computing data at NUTS[1] 3 *(Kreise* or district) -level is, however, handled differently. Local knowledge is needed in order to assess the plausibility of these figures more accurately. For this reason the methodology is harmonised but the computing itself is carried out by the relevant regional office.

Nothing but advantages

"Although coordination is a key activity with the necessary organisation of the working party meetings," **Fischer** admits, "this system also offers many advantages. The way the work is shared guarantees that all the regional offices use the same methodology. Our major asset is technical expertise, which is also crucial for refining the methodology. This also enables the data to be produced relatively quickly. Besides, some of the regional statistical offices would not be large enough or have the resources to cope with such complex systems single-handed."

The regional structures are very different in Germany, with relatively large *Länder*

and small city-states. "Whilst the large *Länder* supply robust data, precisely because their share of GDP is high, the entire economy of a city state can be affected if there is any major change in a sector of the economy", **Fischer** explains.

But he also sees such variety as providing "a good safety net for the data. Some of the procedures and methods, for instance, are only valid when supported by a large statistical volume. If this were not the case, the method would prove worthless. The German regions therefore provide an excellent testing ground in that respect."

On the whole, he sees this form of organisation as offering "virtually nothing but advantages. It is amazing how the collective system repeatedly produces highly reliable results and methods, which remain so for years. In the final analysis, we all bear responsibility and are accountable for the outcome.

"In spring 1992 we were able to submit the first GDP calculations for the new *Bundesländer* – which shows how well our system works. Considering the enormous systemic differences and the fact that statistics in the former GDR were completely different, that was a great achievement. I was personally very impressed by this, when I first started to work on regional accounts."

The ultimate in statistics

Berthold Fischer puts his heart and soul into his work and for him regional accounts or indeed national accounts are the ultimate in statistics. "Economic accounts are able to create relevant and concise indicators for the entire economy from a variety of individual sources of information using a networked computing system.

"The system is also highly versatile. We can reply to any question on the development of the business cycle, the growth of the economy as a whole, the distribution of income and demand structures, the distribution of GDP between private consumption, investment and state consumption, etc.

"I am convinced that no other area is technically as interesting and demanding as national accounts, because we always have to try to draw an accurate picture of a highly complex economic process. We have to keep our finger on the pulse and adapt our methodology constantly to new developments such as flexible working time, globalisation phenomena, etc."

In Fischer's view regional accounts have two main characteristics:

1. Every economic activity has a regional aspect.
2. The regions are not self-contained economic areas. There are close interregional ties between economic activities.

Finding adequate solutions

Interregional flows can very rarely be measured statistically because regional borders, unlike national borders, are not fixed for the purposes of statistics. As **Fischer** says, "regional accounts have different problems from national accounts and must therefore find their own ways of solving these.

"Regional accounts are, of course, modelled essentially on the concepts and systems of national accounts, as the sum of the regional figures should be identical to the national figures. "But ESA 95 also differentiates between them at various levels" says **Fischer**. "This also explains why regional accounts must sometimes handle things differently than the national accounts.

"Most of the surveys carried out for German official statistics, especially those relevant for regional accounts, are, for example, enterprise-based. Whilst national accounts use this information irrespective of the company's headquarters, branches or area of activity, regional accounts have to regionalise it, i.e. assign the information to the respective regions in order to provide information, which is accurate at the regional level.

"However, comprehensive information is often not avail-

Bottom-up, top-down, ...

Depending on the available data, various methods can be used to estimate a regional aggregate.

The bottom-up method is used when data are available at the local economic activity unit level or the local unit, which are then added up to the desired regional level. The advantage here is that the variable in question can be measured directly and assigned correctly to regions and branches but this depends on the availability of data at enterprise level.

In the top-down method, however, a national aggregate is distributed among the individual regions without any attempt being made to assign it to the smallest component. This ensures that national and regional values tally but has the disadvantage that the assessed values are not based on directly surveyed data.

If data are not available for local economic activity units, which excludes the use of the bottom-up method, the regional accounts methodology handbook recommends the use of pseudo-bottom-up methods. These basically break down a given indicator from, for example, an enterprise to its local units and its local economic activity units and subsequently use a bottom-up method to produce regional aggregates.

If the data for the local economic activity units cannot be estimated reliably, a pure top-down approach is also possible.

This is explained in more detail in the handbook "Methodology of regional accounts" *available on Eurostat's internet site at http://europa.eu.int/comm/eurostat/*

able for local units. Many of the variables needed to determine the value added are only available at enterprise level, which is a major handicap.

"This means that our methodological approaches can be no better than second-best. Strictly speaking, there is no sector in which we can use the bottom-up method, where we calculate the regional result starting from the smallest component. The other option is the top-down method where a higher aggregate is used to calculate one at a lower level. In many sectors we have to use the top-down method. Statistical circumstances permit the more satisfactory pseudo-bottom-up method to be used only in manufacturing." (*See panel on p18 for a further explanation of these methods.*)

"However, the ESA acknowledges these problems and permits such approaches."

The key question

As national borders open up further as a result of European integration and increasing globalisation, Fischer believes that this will also affect national accounts. "When national frontiers in the conventional sense no longer exist, similar problems will arise with, for example, the intra-Community trade statistics.

"We also have to consider new forms of work organisation, such as teleworking. Whether such phenomena are a problem for statisticians depends largely on whether the economic statistics system, which has so far mainly been geared to legal institutions, can adapt to these developments.

Official statistics in Germany are based on **three fundamental principles**:

Statistical work should be the result of a **thematic concentration** within specialised departments specifically created for that purpose.

Every survey has to have a **legal basis**.

And finally, the principle of **regional decentralisation** applies. The way work on official statistics is shared precisely reflects the structure of the federal state and administration. This means that the Federal Statistical Office is responsible for methodological and technical preparation of surveys, whilst their implementation and analysis at regional level fall within the remit of the regional statistical offices.

Unlike Eurostat, regional accounts and regional statistics are two separate and completely independent areas in organisational, personnel and technical terms.

"The key question is therefore: How to design the reporting system in order to cover the local units?"

Fischer goes on to point out that "a further problem is that some surveys which are relevant for regional accounts, such as the labour cost structure survey, are carried out as random samples, which are not necessarily representative at the national or the regional (*Länder*) *level*. We then make do with alternative approaches or use working hypotheses, assuming, for example, that an intermediate consumption ratio determined by a nationally representative sample in a given sector of the economy applies for the region."

A special feature of regional accounts in Germany is that the income, distribution and expenditure accounts can only be calculated successively and not simultaneously. "This means that we can only make cyclical adjustments to the aggregates after a while and not at the same time, as is the case when assessing the reliability of national accounts aggregates", Dr Fischer explains.

He hopes that one shortcoming in the services sector and, in particular, in business services will soon be remedied. "There is a good chance of us getting services statistics. They will be obtained through a random sample, but it will be representative at regional level."

Developments prompted by the ESA

Fischer sees other developments being set in train by implementing ESA 95, which introduces some radical changes. He explains that in the past they had always been looking at international systems, "but basically we had our own independent system."

As far as German statistics are concerned, implementing ESA 95 will do away not only with the previous European standard – ESA 79 – but also with the previous German system. Hitherto, additional accounts were prepared for the Commission in accordance with ESA 79 but all the figures were based on the German national accounts system.

The changeover to ESA 95 is completely different from the other updates carried out regularly in the past, since it ushers in a series of fundamental changes: an amended classification of branches of economic activity, a new sectoral breakdown, a new price concept, etc. **Fischer** adds "our old German classification of branches of economic activity from the year 1979 was an institutional construct; the old ESA was based on NACE CLIO and was intended to cover homogeneous branches.

"NACE Rev. 1, which we have already introduced progressively into our specialist statistics, is now also binding for regional accounts. It is an entirely new type of construct compared with our old classification."

New version

"The second fundamental change involves sectoral breakdown. In the German national accounts we had the conventional breakdown into enterprises, the State and private households. In the new version we have the financial and non-financial corporate enterprise sector. The State and private households can, of course, still be found, albeit transformed, but the enterprise sector, as we knew it from the previous system is virtually impossible to recon-

struct from the new breakdown.

"There is also a new price concept. Hitherto, value added, for example, was expressed at market prices and at factor cost. Now we have the concept of production prices.

"Now that we are working exclusively in line with the new European system – ESA 95 – the structure and architecture are completely different from what we have been used to. This represents a major challenge, and we will have to devote a fair amount of additional capacity to coping with it. It is not only conceptual matters and methods which have to be tackled; all our software programmes will have to be rewritten too.

"However, it is not only data producers, but also data users who will have to cope with all these changes. Before we present the first results, we have a lot of persuading and explaining to do."

There is also a legally binding extended transmission programme, particularly at NUTS 2 and NUTS 3 level with "reinforced demands compared to the former German regional accounts. The enormous amount of work involved in coping with the changeover", Berthold Fischer explains, has meant that German statistics have had to take advantage of an exemption. However, he is optimistic that all the deadlines can be met. "We have done the groundwork and Eurostat is now getting figures, which are, for the time being, subject to limitations, be it at the thematic, technical, sectoral or regional level. The key aggregates are, however, being supplied at NUTS 1 and NUTS 3 levels."

Dr Fischer:

"Extending the requirements to NUTS 2 level is a problem for us. For NUTS 2 level, we compute the data at NUTS 3 level and aggregate them up to NUTS 2. So if we need NUTS 2 data, we have to start computing at Kreise level (NUTS 3)."

However, other than the hard work involved Fischer also sees advantages in the changeover to ESA 95. "The ESA programme is a big step forward because it will offer users – the Commission and private users alike – far more information than hitherto, especially below *Länder* level, i.e. at NUTS 2 level.

"ESA will thus spurt the development of regional accounts, which is wholly in the interests of our users from the worlds of politics, the economy and research."

Rising demand

Over the past few years, the demand for data below *Länder* level has increased considerably according to **Dr Fischer**. He also notes that requests for German regional data are coming in from neighbouring countries with increasing frequency. "The ESA 95 pursues the aim of pan-European harmonisation much more forcefully. German enterprises with their high export rates obviously want to carry out comparative market analyses. If this can be done on the basis of comparable statistical data, so much the better.

"The ESA's aim of using the same concepts and systems throughout Europe is very laudable. Once we have all done our homework, we will be in the enviable position of being able to compare 'Euro regions' properly."

Once the compulsory ESA 95 programme has been completed, Dr Fischer already has some ideas for the optional extras: "In the interests of the users we must direct our efforts towards improving the range of data at NUTS 2 and NUTS 3 levels. There is stronger demand from the users and we have to remedy existing shortcomings here.

"We should also do some development work on the satellite accounts, particularly in the areas of the labour market and the environment." Fischer also thinks that regional data need to be more up-to-date: "At the moment there is still a considerable delay before figures become available at NUTS 3 level. This is because, in the past, we only made data available at two-year intervals. In future, calculations at district level will be carried out every year and this will cut down the interval between the reporting period and publication.

"In some areas, improved use of modern information technology is also needed to enhance, for example, availability on the Internet. We do have some basic information on offer but I would like to see this expanded somewhat.

"Another point which I consider important is the link with universities. I think we should make universities more aware of the importance of national and regional accounts, so that they can do more conceptual development and research work.

"However, a key issue in the further development of the economic statistics system is how to ensure that data for local units are made available. Our principal aim is to obtain this basic component of regional accounts. As globalisation and European integration forge ahead, I am convinced that this will increasingly be a problem for national accounts, too. It is essential for economic statistics to be geared to local units in order for regional accounts to be consolidated and developed." ■

1 NUTS: Nomenclature of Territorial Units for Statistics. In Germany, the Länder represent Level 1, the regions (Regierungsbezirke) Level 2 and the districts (Kreise) Level 3. *See also box on Page 15.*

For another view on how regional statistics are organised in Member States, **BARBARA JAKOB** of Sigma went to the UK – a country that experienced changes in the structure of its administrative regions last year with more ahead following the devolution of powers to Scotland, Wales and Northern Ireland. **DEV VIRDEE**, in charge of regional accounts at the social and regional division of the ONS, talks to us about the consequences for British regional statistics...

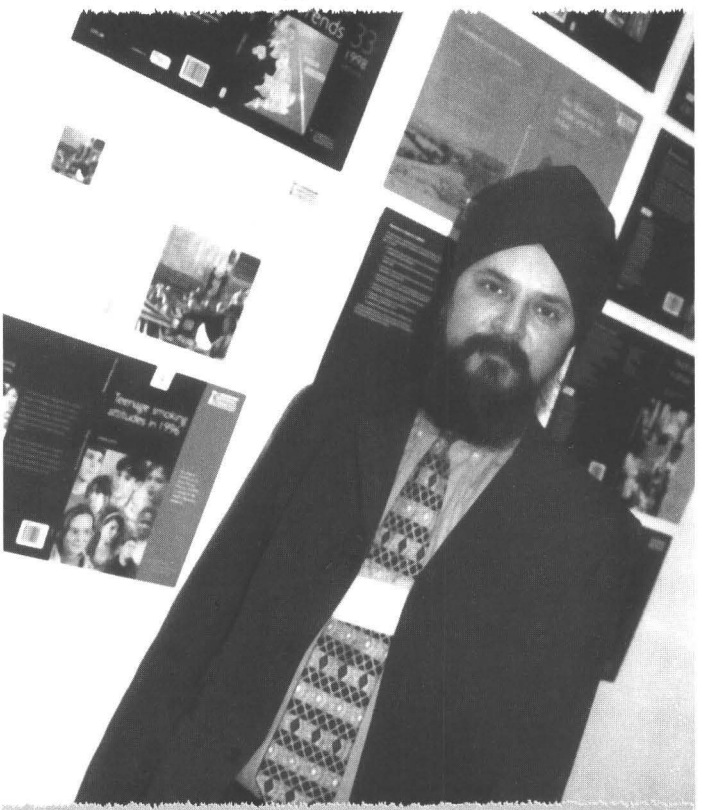
Winds of change for UK regional statistics

"Needs for regional data are ever increasing", Dev Virdee says. "Initially, up until six or seven years ago the main interest in regional accounts was from the European perspective because of the structural funds. But increasingly regional policies and with them regional statistics are becoming important for the UK as well."

Recent political developments such as the devolution of powers to Scotland, Wales and Northern Ireland, and to English regions, have driven up the demand for regional data.

With more decision-making taking place in the regions new information requirements are being imposed on sub-national statistics, especially on regional accounts. The newly devolved administrations in Scotland, Wales and Northern Ireland and the Regional Development Agencies (RDAs) created in the nine (NUTS 1) regions in England will have a greater need for regional data to back up their policies.

For a better understanding of current developments, one should keep in mind that the UK statistical system is closely linked with Government needs. A great many government departments have their own statistical divisions, meeting their departments' statistical needs and producing or analysing data for their specific policy purposes. The ONS has a coordinating and advisory role to play in putting together information from across government departments. It also conducts its own surveys. Its major task is therefore to bring together and combine statistics from various sources and to harmonise them.



Within the social and regional division of the ONS, Dev Virdee is in charge of regional accounts. The organisation and work have changed and requirements on regional statistics have increased during the seven years' time that he has been working in this field.

Before joining the ONS, Dev Virdee worked in the Department of Social Security on statistics for certain benefits, and on various industrial statistics and forecasting models in the Department of Trade and Industry.

Looking ahead, the Government is introducing new arrangements for the accountability and governance of National Statistics, which are likely to encompass all current statistical outputs of the ONS and other government departments. The arrangements will involve the creation of a Statistics Commission which will be independent of both Ministers and producers of National Statistics. The Commission will play a key role in ensuring that official statistics are trustworthy and responsive to public needs.

New dimension

The devolution of powers is set to add a new dimension. "The Scottish Executive, the National Assembly for Wales and the Northern Ireland Assembly – all came into existence in 1999 – will want to formulate and implement their own policies and may therefore also produce their own statistics to look at performance in their regions", says Dev Virdee.

"Scotland, for example, has just started its own household

survey. Great Britain-wide surveys had samples large enough to produce good national estimates as well as estimates for the larger regions, including Scotland as a whole but not for areas within Scotland. So, it launched its own survey to meet these emerging new needs."

The three assemblies in Scotland, Wales and Northern Ireland will have greater powers than the regions in England. But here also new regional information requirements are expected from the development agencies that are being set up. "These development agencies will be responsible for formulating regional strategies for and giving directions to the area. Our responsibility will be to help to meet their information needs", Virdee explains.

"Many more policies are being formulated to address issues at a more local level, thus creating the need for subnational data, not only for the regions as we understand them in the UK (i.e. NUTS 1 areas) but also at a much lower level – down to Wards, which in Eurostat terms is NUTS 5 level. "An indication of the increasing information needs at the local level is, for instance, the new policy unit formed by the Government within the Cabinet to look at the issue of social exclusion in greater detail."

More statistics from the regions

"These are some of the reasons why more statistics will become available for the regions in future years", Virdee concludes. It is up to the ONS to make sure that statistics from different sources are consistent and harmonised for national as well as international purposes.

But UK-wide collected surveys such as the business survey will also take increased regional needs into account: "We may enhance the sample sizes for some parts of certain inquiries in order to get representative data at a lower regional level.

"We try to compile as many statistical data as possible at local level (NUTS 3)", Virdee continues. "This gives us building blocks so that we can better meet the increasing need for regional data. It also enables us to provide continuity for the NUTS areas before and after restructuring."

Old and new regions

"There has been a major change in the NUTS areas reflecting a complete reorganisation of local government within Scotland, Wales and England. We used to have 65 areas at NUTS 3 level mainly reflecting the counties in England and Wales and the Scottish regions. After the reorganisation of local administrations, we have gone from 65 NUTS 3 areas to 133.

"Meeting the needs of the new geographies is indeed one of the major challenges facing us in regional accounts.

"In most cases the new NUTS 3 units in England can be aggregated to the old, the same is true for Northern Ireland, which used to be a single NUTS 3 area. There are much bigger differences in Scotland and Wales because the new boundaries there are quite different from the old. The approach we have taken in Scotland is that when the new NUTS areas were defined at NUTS 4 level, the units were organised in such a way that they would provide the building blocks for either the new or the old NUTS 3 areas. So if we get data at NUTS 4 level, we can aggregate them either to the old or the new system to ensure that continuity.

"Wales is slightly more difficult and we are still checking if there is further need for estimation to provide continuous time-series."

Priority for current policy needs

"There is less of a problem in continuity with the old but there is clearly a problem for the new geographies to compile back series. The approach we have taken is to initially meet current policy needs to produce estimates for the most recent years.

"We published GDP estimates from 1993-96 at NUTS 3 level for European structural funds purposes. We are now working on the back series and other more recent years. We will fill in the back series with the best data that we can to provide continuity but, clearly, the priorities *are* for recent years."

Huge volume of work

The changeover of regional accounts to the new version of the ESA, European System of Accounts '95, is another challenge. "The main ESA requirements are at NUTS 2 level which doesn't equate to an administrative level used for UK purposes", Dev Virdee explains.

A question of interpretation

The south coast of England – residence of a high number of retired pensioners – has a relatively low GDP. This could lead to the conclusion that this is a 'poor' region.

Another example: When GDP figures were published for the new NUTS 3 areas, East and Mid Lothian, an area on the outskirts of Edinburgh, emerged with the lowest GDP in the country. It was quoted in the press as being 'the poorest area'. The reason for the low GDP figure is that around 40% of the economically active population in the area commute to Edinburgh to work there for their living. But, income analyses would show in both cases that there are fairly reasonable household incomes in the respective areas.

Dev Virdee: "The new ESA 95 requirements will contribute to clarifying the situation: they create a wider range of statistics for users and offer the possibility to really look at the appropriate measure for the item to be analysed: GDP for economic activity and household income figures when it comes to the situation of residents in the regions."

"Historically we have produced figures at NUTS 1 level – the most important in terms of UK regional policy. The other level relevant for the UK government was NUTS 3 areas. NUTS 2 level areas are largely aggregations of NUTS 3 level.

"Industrial analyses of GDP were at NUTS level 1. This is the first time that we have had to compile GDP for 17 industries at NUTS 2 level. To achieve that, we have to build up entirely new systems and the project has been underway for two years.

"There is a huge increase in the volume of output that we have to produce.

"Similarly at NUTS 3 level there is a huge increase in the amount of detail to be produced. It has been a combination of different factors affecting the big change: a greater breakdown of the country within the NUTS classification and the greater industry detail requirements of the ESA.

"In terms of concepts, however, it hasn't been such a big change. The main impact is the amount of data." The first estimates of regional accounts on an ESA 95 basis were published in '99. They were produced by compiling figures on the old basis and were then adjusted to the new requirements.

"This year we will be moving entirely on to the new basis", Virdee says.

Special challenges

"Regional accounts are compiled in a number of ways", Virdee continues, describing the procedure. "Since there is a requirement that statistics for all the regions should add up to the national total, we wait until the national estimates have been published before we produce a regional breakdown. In principle, we try to use the same sources as for national purposes.

"But then we are confronted with special challenges in regional accounts that are not a significant issue at national level. For example, a residence-based source such as the inland revenue data is not really a correct source for regional GDP-purposes, which is a measure of economic activity in an area and has to be workplace-based. Therefore, in regional accounts, we have to adjust for such things as commuting, which in some regions is rather significant, eg from the South East into London.

The earnings information is based on samples of tax payers or people who have a national insurance number and therefore will only affect those who are paying tax or national insurance contributions. But there will be people working below that threshold or seasonal workers, e.g. in the tourism industry, who may not be paying national insurance or taxes.

"We try to take the same source as used at the national level, and if this is not possible, we try to find an appropriate alternative. We always try to find an indicator that is appropriate to what we intend to measure and make adjustments for factors such as commuting, strikes, etc."

Greater value

The ONS regional accounts branch is working on several projects to further improve statistics. "We are trying to make more use of administrative data available across government", Dev Virdee says.

"Then, we have a methodology committee across the government looking at techniques of matching data from different sources so that you can take more out of the same data.

"It is trying to explore ways of how we can make use of statistical information that is held in departments.

"Another methodology project is on small area estimation. It analyses methods of multi-level modelling where you have some survey data and some data on the population and how you can use modelling to create estimates at the lowest level, and for different time periods."

However, there are other developments that need to be addressed. Virdee explains, "Probably one of the bigger challenges is new methods for electronic trading on the Internet. Quite often you do not know whom you are dealing with and where you are buying things from on the Internet. You can be on the telephone using a local number but speaking to a company that is in Ireland or in France or somewhere else in the world. That is something we need to start addressing soon, to assess the implications for regional accounts.

"Another frequent request that we are unable to meet is constant price information at the regional level. Currently, there are no deflators at regional level that can be used.

"In the European context, regional GDP figures are converted to Purchasing Power Parities (PPP), to eliminate price differences. But PPPs can be affected by various factors, eg they can be biased towards capital cities. We can put a lot of efforts into improving the quality of our regional accounts in Member States, but then conversion to PPP could result in a bias.

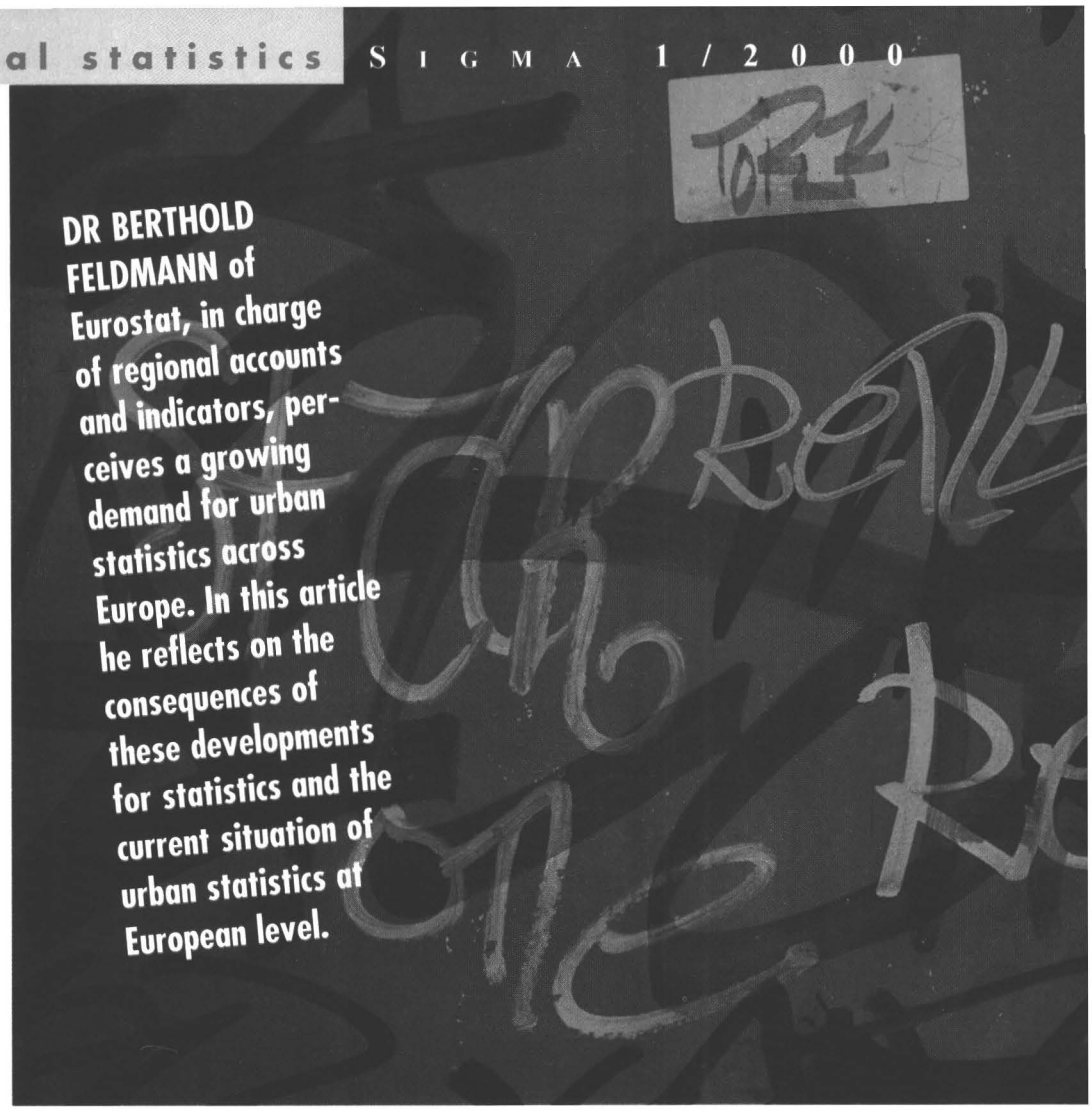
"There are many areas that need development and deserve efforts and resources."

Better communication

In European terms, Dev Virdee calls for improved communication between policy-makers and statisticians. "In discussions with the main user – the Commission's 'Regional policy' Directorate-General which is also represented in the regional accounts working party, we have the opportunity to talk to them face to face to discuss what their needs are.

"But, these meetings only take place on an annual basis and at times developments are rapid when political negotiations overtake discussions and statisticians are confronted with revised requirements.

"The regional accounts working party is a fairly good model", he says. "It is a meeting in which we try to reach compromises which are practical and pragmatic. For example, when we were discussing the methodologies on regional accounts there were ideal solutions, which we would have liked to adopt. But, it would have been impossible to collect information on that basis from most Member States. So we agreed on a solution that was maybe less ideal *but* at least it was feasible." ■



DR BERTHOLD FELDMANN of Eurostat, in charge of regional accounts and indicators, perceives a growing demand for urban statistics across Europe. In this article he reflects on the consequences of these developments for statistics and the current situation of urban statistics at European level.

A number of social and economic trends are substantially changing the European urban landscape. The ongoing transition from an industrial to an information society, the process of European integration, the globalisation of the economy and shifts in tastes and habits have profound consequences on the way cities are functioning.

These changes offer, on the one hand, huge development opportunities, on the other hand, competition among cities will intensify. Nowadays, cities are competing for companies, inhabitants, tourists and international institutions. Both quality of life and the business climate are important ingredients of the urban package.

But, the opportunities that arise from this can only be fully exploited if cities are managed in a satisfactory way. In a dynamic environment, the quality of management depends strongly on the policymaker's awareness of these trends as well as the city's strengths and weaknesses. Urban statistics thus help them formulate decisions that truly capitalise on the opportunities for social and economic development. Given the importance of quality of life in the information society, emphasis has to be put on the variables that capture this quality.

Facing new problems

Undoubtedly, there is a need for every city to compare and contrast. In this context, we are faced with an increasing demand for comparative international city statistics. Simultaneously, with the challenge of internationalisation, cities have to tackle several new problems on their own ground. Environmental problems are pressing issues in many cities; unemployment, segregation, and even poverty are generating problems in a growing number of cities.

Altogether, the above mentioned trends call for new management tools: urban development strategies and urban policies. A hard question for a city is how to balance its economic vision, social and environmental concerns.

In its 1997 discussion paper *Towards an Urban Policy of the European Union*, the European Commission defined the urgent need for a set of comparable data about cities and agglomerations, so that a common base for decisions in the area of urban development could be created.

The subsequent 1998 Commission document *Sustainable urban development in the European Union – a framework for action* stresses the clear need for comparable information about individual cities. It states that the Commission will promote the intensified use of benchmarking (best practice) at the level of cities.

It is therefore obvious that, at European level, there is also a growing need for information on urban developments, mainly in the context of 'quality of life' and 'sustainability', i.e. in the field of environmental issues.

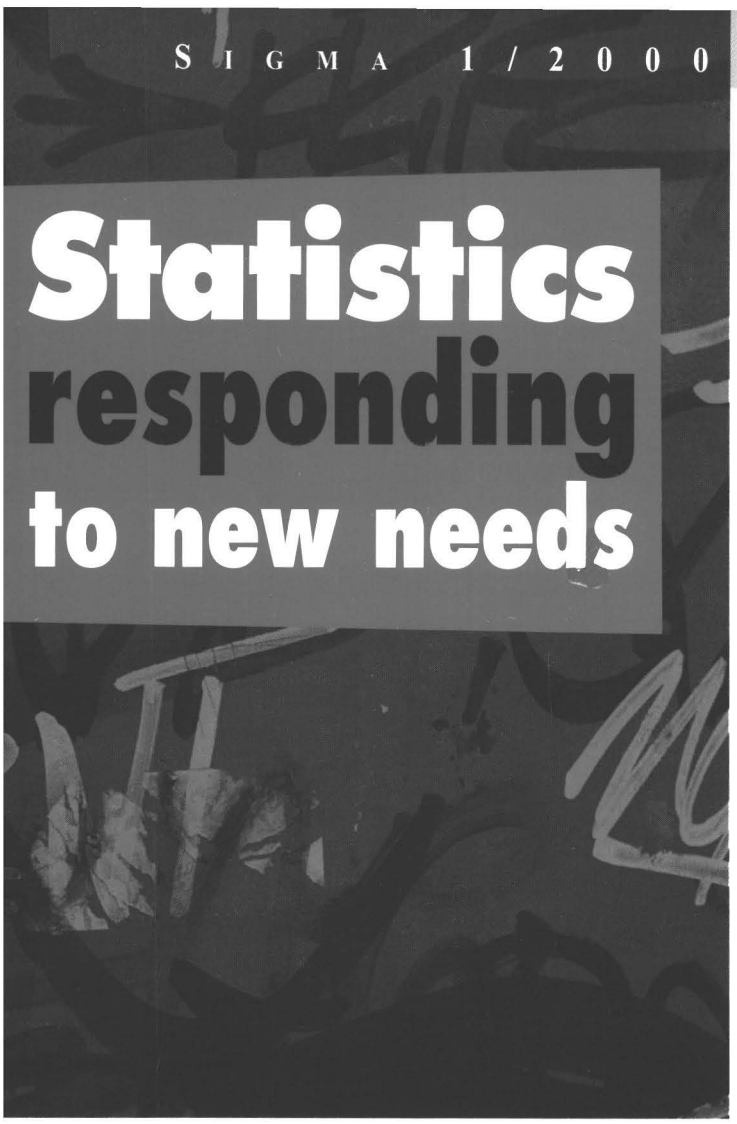
In addition, for structural funding, future requirements for urban statistics can be envisaged. So far, Objective 2 of the Structural Funds lists several types of eligible areas affected by structural difficulties: industrial zones in decline, rural areas with problems, regions depending heavily on fishing, urban areas... While the selection of specific industrial or rural areas is based on comparable Community statistics, this is not yet the case for urban areas. There is an obvious gap, which should be solved in time for the next round of structural funding after 2006.

Manifold demands

As we can see, the demand for different types of urban statistics is clear. New urban developments and new political programmes for improving the quality of life in agglomerations imply new information needs.

- Cities and urban regions require good basic statistics on various phenomena. The characteristic of these basic statistics is that they should

Statistics responding to new needs



describe the phenomena comprehensively and systematically.

- In addition, there is a demand for strategic statistics, i.e. statistics that relate to urban policy and thereby support the city's development strategies and long-term investment.

- Furthermore, the international comparability of statistics is of vital importance for decision-makers at all levels, urban, national and European.

Developing urban statistics has two main implications at least. First, it is a question of providing comparative statistics on determined phenomena on a regular basis, e.g. comparative statistics on population and demographic issues, housing, labour force, employment and unemployment, etc. Second, there is a common challenge of developing frameworks, definitions, and classifications for new phenomena, and thus making it possible to provide statistics responsive to changes and the new challenges facing cities and urban agglomerations worldwide.

At the starting point

When it comes to the patient and long-term work of harmonising statistics and developing urban and regional statistics within the European Union and its member countries, Eurostat's involvement is only at the starting point. International standards shall, of course, be observed and adopted to a great extent. But first of all they need to be developed! The best way of fostering the development of urban statistics in Europe is to base the work on the close cooperation between all possible partners involved: National Statistical Offices, the cities, regional agencies, political users at European level, i.e. the Commission, national governments, researchers and so forth.

Eurostat's role is one of a **co-ordinator** of urban statistics in Europe.

Achievements

Eurostat's efforts initially concentrated on a study concerning the demand (and availability) of urban statistics.

In 1998 and 1999, a project was carried out to identify and define relevant urban indicators and to detect possible sources for the required data.

Another project made use of existing sources of information to build up an urban statistics database. The territorial units at the lowest level of the system (NUTS 5) were used as "building blocks" to construct larger geographical areas.

The harmonised source data available for all EU Member States stem from the Labour Force Survey (LFS), the Household Budget Survey (HBS) and the Infra-Regional Information System (SIRE) database. The LFS information submitted to Eurostat by National Statistical Offices contains households' region of residence (generally at NUTS 2 level), and an indicator (with three possible variations) describing the population density (the 'degree of urbanisation') at the place of residence. This indicator allows the survey results to be divided into 'urban areas', 'rural areas' and 'intermediate areas'. The SIRE database contains around thirty, mostly demographic, variables (population by sex and age, the main economic sectors of the working population, foreign population) derived from the 1981 and 1991 censuses for each NUTS level 5 unit.

Several remote sensing projects via satellite have been carried out under the 4th Framework Programme on Research, Technology and Development, with promising results. Remote sensing is a very useful tool for measuring increases in built up areas and paved surfaces (urban sprawl). It is important to have an overall evaluation of urban growth, in terms of surface area and volume.

Finally, an 'Urban Audit' was launched by the European Commission in 1997 in order to measure the quality of life in European cities and agglomerations. (*see article on page 26*). The intention was to collect data at town and conurbation level and in some of their districts, so as to be able to compare data. The 58 selected cities consisted of the largest cities in each Member State, accounting for approximately 15% of the total population of the country. Paris and London were omitted at this pilot stage. The results, which will be published soon in the form of an Internet web page, are very promising.

On all fronts

Urban statistics are currently being developed on all fronts to meet a growing demand from users. The work of Eurostat focuses on defining a general framework (an information system), using statistical sources that are already available and coordinating the various partners that are involved in this inspiring task.

This should lead in the near future to the establishment of a data collection system designed specifically for these geographic entities. ■

NEW IDEAS FOR EUROPE'S TOWNS

"First of all, you have to put things into context," cautions Mr Roma. "The Commission's work is undertaken on two fronts; first, efforts to coordinate and think about urban policy through an integrated regional approach – two communications have actually been recently published on this issue – and then, efforts to bring about concrete projects in towns, including in particular the Urban programme.

"In the former case, it was the Commission that got the discussion going, and all those involved – the Member States, the European Parliament, the Committee of the Regions and the Economic and Social Committee – were asked to play their part."

Towns first

"In the case of concrete projects, including Commission programmes such as Urban, the idea is not to tell cities and towns what they have to do, but to endeavour to do things that are helpful and needed. Our contact points here are the mayors, but also other local actors. We think that towns will become more and more of a matter for concern in the future: one sign of this growing concern can be found in recent surveys which show that people's top worry in some Member States is no longer unemployment, but safety in cities and towns.

It may appear odd that Europe is working on discernible strategies for towns. But, why wait to get on with the job, since more than 80% of Europe's citizens now live in cities and towns?

Does this mean that Community actions tended to neglect towns in the past?

"In the past, urban matters were dealt with implicitly; but there was perhaps not enough emphasis on the urban dimension of some programmes. This particular aspect tended to be overlooked. Nowadays, the Commission draws the attention of the Member States to this dimension, notably in the framework of the regional programmes, which will account for a total of 213 billion EUR for the period running from 2000 to 2006. This includes the 700 million EUR that the Commission has set aside for the *Urban* programme."

Urban is already in its second phase; the programme was launched in 1994. The new phase incorporates the original ideas but tackles them differently.

Infrastructure and individuals

"The old programme was geared either to tackling anything to do with the physical infrastructure of disadvantaged districts or to dealing with society's "weaker" members or groups. The new idea is to improve people's lives, especially through job retraining, and to do this within their surroundings. The particular feature of the *Urban* programme is to take two weak points and to strengthen them by breaking the vicious circle of a lack of economic prospects and people's negative attitudes to their surroundings.

"In addition, this is implicit in the thrust of European action – the economic and social development of towns, the problem of social exclusion, the urban environment and urban governance – and the underlying idea that citizens are the main actors in political and urban life."

Finding a cure for towns, by helping their deprived districts, has now become a major objective for Europe. In this regard, I wonder how you can apply a process to a world that does not yet exist in official statistics.

How can you identify the problem against this background?

"Well, it's fairly clear in the case of the *Urban* programme. To be eligible, urban districts need to have a population of at least 10 000 and satisfy three out of nine requirements. These urban areas can be located inside or outside the areas eligible under Objectives 1 and 2."

Types of district

"The previous operation showed that there were three types of candidate for this programme: districts located within urban conurbations but cut off from the life of the city, centres of historic towns that had been left to decay (often typical of Mediterranean towns), and suburban districts that are dormitory towns at night but deserted during the day (like many French suburbs).

Eligibility requirements:

High rate of long-term unemployment; low level of economic activity; high levels of poverty and exclusion; a specific need for conversion due to economic and social difficulties; a high number of immigrants, ethnic minorities or refugees; a low level of education and significant skills deficiencies; a high level of crime and delinquency; unstable demographic trends; a particularly rundown environment.

"To get a broader picture of the problem, the Commission launched in June 1998 a project called Urban Audit, attempting to design a diagnostic tool that towns themselves could use. The project involved 58 towns throughout the EU and the results should be available in the first half of 2000."

Sigma can nevertheless unveil some of the results. Some common ideas turn out to be wrong, such as those about towns in northern and southern Europe, and the audit also shows that some correlations are way off the mark.

"It was found that apartments in Spain tend to be bigger than those in northern Europe, although this fact is rather meaningless when taken on its own. It becomes interesting if apartment size is linked to prosperity. Another common idea not borne out by the audit is the correlation between unemployment and lack of mobility, in other words the idea that a high percentage of owner-occupiers in a given area is correlated to a high rate of unemployment."

A close look at towns

"Each town is assessed through 21 indicators covering five areas: socio-economic aspects, civic involvement, education and training, environment, and culture and leisure activities. Wherever possible, we tried to chart trends by looking at three years: 1981, 1991 and 1999."

Are you happy with the quality of the results that emerged?

"First, you have to remember that at the moment there are no urban statistics worthy of the name. Information is piecemeal at the subregional level. This is, of course, why we started the project."

Chalk and cheese

"At the end of the day, we get a good picture – sometimes blurred, sometimes clear – of the town in question. With a bit of creative thinking we managed to devise comparison systems, so that now we are no longer comparing cheese with chalk, but rather Camembert with Stilton. Of course, there is still some way to go. Anyway, each indicator has a coefficient for source reliability and comparability.

"We cannot really claim that the data have been harmonised, but none of the indicators have proved misguided. The results, however, have not always lived up to expectations, either because of a poor definition of the indicator or because of the inadequacy of the data, since data about towns are not always available.

"Take water quality, for example. To assess it, ninety features are needed, which makes comparisons between towns difficult at times, especially since water is often tested at source and not when it comes out of the tap."

Administrative units

"Towns, in the sense that we studied them, were restricted to municipal boundaries at NUTS 5 level. You have to remember that our particular contact was the mayor. This does not mean that conurbations are not covered. Indeed, we added a report on conurbations for about twenty of the towns that were studied, but the fact is that a choice had to be made.

URBAN AUDIT INDICATORS

Socio-economic: population, nationality, household structure, unemployment and labour market, incomes, disparities of incomes and poverty, habitat, health, crime, employment, economic activity;

Recreation and culture: cinema visits, number and use of museums and sports facilities, number of public libraries;

Education and training: levels of education and training;

Environment: air quality and noise pollution, water quality, waste management, land use, travel, use of energy, climate/geography;

Civic involvement: turnout at elections, proportion of resident population with right to vote, proportion of women among elected town councils, municipal expenditure per capita, etc.

"The operation is open to question, since some of it was arbitrary in nature. There are other ways to define towns, other schools of thought. For practical reasons, however, we considered towns as administrative units. Anyway, the point is not to voice approval or disapproval. The idea of the audit is to have a tool for understanding, and it could be repeated in four or five years from now to see how things have changed. We hope that town councils will make good use of it, but we are not planning to take over other people's work." ■

Marcello Roma is a native of Bari in the south of Italy. After qualifying as an engineer, he worked in the private sector between 1975 and 1984.

He was bitten by the "Europe" bug and joined the Energy Directorate-General, where he spent eight years. In 1992 he moved to the Enterprise DG (formerly Internal Market and Industrial Affairs, Construction) but after only two years he moved again, to the Regional Policy DG, where he dealt with the coordination of Community Initiatives, including the Urban programme. Urban problems are not new to him, since he worked on the Green Paper on the Urban Environment when he was at the Energy DG.

Moving across traditional administrative borders may not be everyone's cup of tea. But it's a daily job for **RUDOLF NIESSLER**, head of unit 'Regional impact of Community policies and Regional Planning' within DG 'Regional Policy'. A conversation with **FRANÇOIS VERMEULEN** of Sigma sheds light on important developments taking place today in the shaping of EU policies.

Spatial development moves towards centre stage

European integration, backed by European Economic and Monetary Union, has made considerable progress, to the point that internal borders are losing their separating character. That's why new concepts may be needed to take these developments into account when shaping structural and sectoral policies like competition, transport and communication. Mr Niessler unveils some of the paths being followed under the framework of intergovernmental cooperation, spatial planning responsibility resting with the Member States.

"In the past, there was a clear distinction in some European programmes between rural and urban areas. But this was based on old assumptions about how a city and how a rural area were defined. For example, some programmes for rural development excluded small and medium-sized towns in rural areas. Such built-in constraints have been limiting the success of programmes for regional development."

The urban/ rural divide

"Small and medium-sized cities have an important role to play for the development of rural areas. The rural/urban area divide was traditionally considered a clear-cut issue. But, actually, the distinction between the city and the countryside is blurred; you have urban sprawl and the suburbs. One distinction that may be more relevant is the distinction between semi-urban rural areas and remote rural areas. Priorities for the development of such regions may differ considerably. Correspondingly, the territorial context should determine the policy approach instead of sectoral concerns. This is one of the issues spatial planning is now tackling."

New approach

"In the context of the enlarged European Union, we are thinking in the longer term about the need for reshaping Structural Funds policy. After 2006, the EU will have to direct fine-tuned interventions to support sustainable development and build up basic infrastructures in the Member States.

"In that regard, especially for the then old EU15, we would need more sophisticated methods of intervention and to develop a new philosophy and new basic criteria to define eligibility. Not only because most of the regions currently lagging in development within the existing Union may no longer meet the current criteria once the present candidate countries become members, but also because the Structural Funds will have to intervene in a far more complex way. Objectives like sustainable development and territorial development will have to be operational."

Spatial development seems to be the way of the future, but what, I wonder, is hidden behind those two words. Rudolf Niessler's answer indicates just how much structural policies and others, as spatial planning, transport, agricultural and environmental policies are bound to change.

"Our task for the coming years is to explore new concepts and see whether we can build a policy on an expanded range of criteria, both qualitative and quantitative. We still need quantitative measurable criteria to determine eligibility, but we also need to examine new issues."

New challenges

"Take, for example, the notion of peripherality. In Europe, you have regions at the fringe of the Union, as well as remote regions located in the more central areas. The question is how to define criteria to guide structural interventions in such areas. This is one of the challenges facing us."

Territorial planning is moving towards mainstream policy in Europe, but it still remains at an evolutive stage.

"Territorial planning is indeed a policy field that is in full evolution with new demands coming in and needs for new data and statistics appearing. We must remember that we are still at a starting point and that a common understanding of European issues must be developed. Member States and the Commission have discussed a proposal to establish a network of specialised institutes to develop concepts, indicators and to identify data needs: the European Spatial Planning Network- or 'Espon'. Such cooperation is carried out at an experimental stage and, starting in the year 2000, may further develop under the new INTERREG (inter-regional cooperation) Community initiative. Main tasks here are to evaluate the impact of Community policies at territorial level and to study the social, socio-economic and economic effects of spatial measures."

"We are examining indicators that may need to be harmonised and are trying to see whether we can agree on concepts. We are also aiming to make substantial progress on a typology of urban and rural areas, for example. But, and it must be emphasised, this is only meant to improve territorial planning aspects at the Community level. There is a clear question of subsidiarity at play here."

Rural France

So, what results have emerged so far from this study group, I venture to ask.

"One clear conclusion that stands out is the obvious need for more refined and harmonised indicators. Some of the data and maps used so far obviously generated strong emotions and misunderstandings. To give you an example, on the question of the rural/urban divide, we had people showing a map of France with only one big urban area, namely Paris, and all other regions shown as rural areas. This example highlights the importance of providing harmonised statistics based on common understanding. A further role for European spatial planning can only be possible with agreed-on data as a consensual basis."

I had never dreamt of opening a Pandora's box by raising the following question. But once the lid was opened, there was no way to stop the flow.

What kind of data, statistical or other, might be needed to further your research?

"We have not yet established a catalogue of indicators. The study group, which will soon publish a report, has simply listed some indicators it believes will be especially relevant to spatial development.

"More specifically, there are a few areas where we would like to see further advances in statistics. We may, for example, need to have more in-depth information going beyond the NUTS 2 level. If you want to study spatial differences in income, then the whole range up to NUTS 5 might be needed. There is currently a clear dominant use of NUTS 2 regions, but one must realise that spatial planning should also be thinking about data at lower levels."

Yet, even at NUTS 2 level, there seems to be a need for extending coverage.

"We also noticed that there was a lack of focus on three sectors, at the NUTS 2 level; namely, telecommunication or information technology infrastructure, environmental and transport data. The first sector plays a major role in the case of the rural areas, for example."

Urban singles

"Demography is another domain where we would like to see indicators, among others. Indicators on average household size with the single household being measured because the single household structure is more dominant in agglomerations than in rural areas, and this may have consequences for future policy planning and development for rural areas.

"Finally, with regard to the labour market, we have five to six criteria we would like to see further developed, such as indicators on the unemployment situation by education level, travel-to-work areas, etc."

So far we have covered things that already exist. But what about issues that have not yet been harmonised at the regional level or that are plainly non-existent? The list is even longer.

"The segmentation of society, notably discrimination and xenophobia, the availability of child-care, income indicators such as household income per capita, spending on education, household spending, participation in social organisation, foreign direct investment, migration ... are all sectors on which we would like to have harmonised data at regional level.

"One must, however, recognise that the difficulties we have in developing these new concepts (to help us define future policies linked to spatial development) stem not only from a lack of indicators but are also based on a lack of perception that needs to be overcome through intense debate. That takes a few years before we can elaborate some programme."

Could you be more explicit on the latter point?

"Cross-border activities and, in particular, transactions require special care. Transborder regions are sometimes engaged in intense economic restructuring processes. Mergers and acquisitions are being conducted throughout these areas across borderlines. To take this a bit further, in some modern publications you already see maps where national boundaries have disappeared.

"All these are factors we are working on and we wish to be ready in time to support the preparation of the Structural Funds interventions beyond the year 2006." ■

This is a landmark – the last of the 15 EU national statistical systems to be profiled. **FRANÇOIS VERMEULEN** takes a look at the role assigned to the Belgian National Bank with the help of **BART MEGANCK**, head of the general statistics department. Official statistics in Belgium are in fact the shared responsibility of the National Statistical Institute *(see article on page 34)* and the central bank.

A central banker AT THE HELM OF national accounts

Bart Meganck is one of the components of Belgium's statistical duo: he is in charge of national accounts at the Institute of National Accounts (INA). He is a somewhat rare species in European statistics: a central banker amid pure statisticians.

"I am the only central banker in this situation," he admits. "At the start, I was looked upon as an oddity and people had no idea what was going on in Belgium. But as chairman of the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) from 1992 to 1994, I was automatically entitled to a seat on the Statistical Programme Committee (SPC). So, I already had close contacts with statisticians before becoming a full member of the SPC in 1995."

Before taking a closer look at the different tasks assigned to the Belgian National Bank (BNB) in the national accounts, I ask Meganck to explain how the ICN came into being.

"Statistics in Belgium were in a state of upheaval at the end of the 1980s. The country wanted to become part of economic and monetary union, and so it had to satisfy the convergence criteria. But when it came to providing some vital data – including the budget deficit and debt ratio in relation to GDP, and even GDP itself – there were problems with regard to quality and availability. Prompted by the need to have these data ready by the end of 1997 at the latest, the Belgian Government decided in mid-1994 to move national accounts from the National Statistical Institute (NSI) to another body, the INA. It was the best option."

A brief history...

Belgian statistics date back to 1831 with the birth of the Belgian state. That's when the Office of General Statistics was born as part of the Home Office. In 1932 it was renamed the Central Office of Statistics and in 1940 transferred to the Economic Affairs Office. In 1946 it became the National Statistical Office.

At the same time the Central Commission of Statistics was formed, to become the Superior Council of Statistics. Nowadays the Council gives scientific and methodological advice to INS.

The last big reform of the Belgian statistical system was in 1994. The Federal Government created the Institute of National Accounts. This is not an additional statistical office but where representatives of INS, the National Bank and the Planning Office assume joint responsibility for the national accounts and external trade, previously looked after solely by INS.

Just a front?

With the NSI, the INA and the BNB, there are many bodies involved in statistics in Belgium. And the situation is not helped when a fourth body, the Federal Planning Office, gets into the act, especially as the INA, in spite of the importance and scope of its job, is really only a front, without any employees and without any physical existence.

"You have to realise that we are not another producer of statistics. The INA is a body without staff that delegates the production of statistics to related institutes. There are three such institutes: the BNB, the NSI and the Federal Planning Office.

"It is the job of the NSI to collect the basic data from households and firms, some of which are used in connection with the national accounts. The Federal Planning Office prepares short-term economic forecasts related to the national accounts – these forecasts are used for the government's macroeconomic and budget forecasts – and the input-output tables. The BNB is in charge of the national accounts and foreign trade, including Intrastat data."

The INA may be a front, but only in the actual physical sense. When it comes to operations, the work done for the INA occupies about 120 people at the BNB alone.

"The fact is that the INA's job is to control the production of statistics by its fellow bodies through the management committee, which is chaired by the Secretary-General of the Ministry of Economic Affairs and consists of two members from each of the associate institutes. I am in fact the secretary of the management committee, but I have no official post within the INA."

Role of the ministry

The Ministry of Economic Affairs regularly appears in the new structure of Belgian statistics, introduced by the Law of 21 December 1994. The NSI is currently a directorate-general of the ministry. The Federal Planning Office is a public body under the joint control of the Prime Minister and the Ministry of Economic Affairs. As for the INA, whose chairman happens to be the Secretary-General of the Ministry of Economic Affairs, it comes under the same authority. The BNB alone escapes the ministry's embrace, because of its role as the central bank.

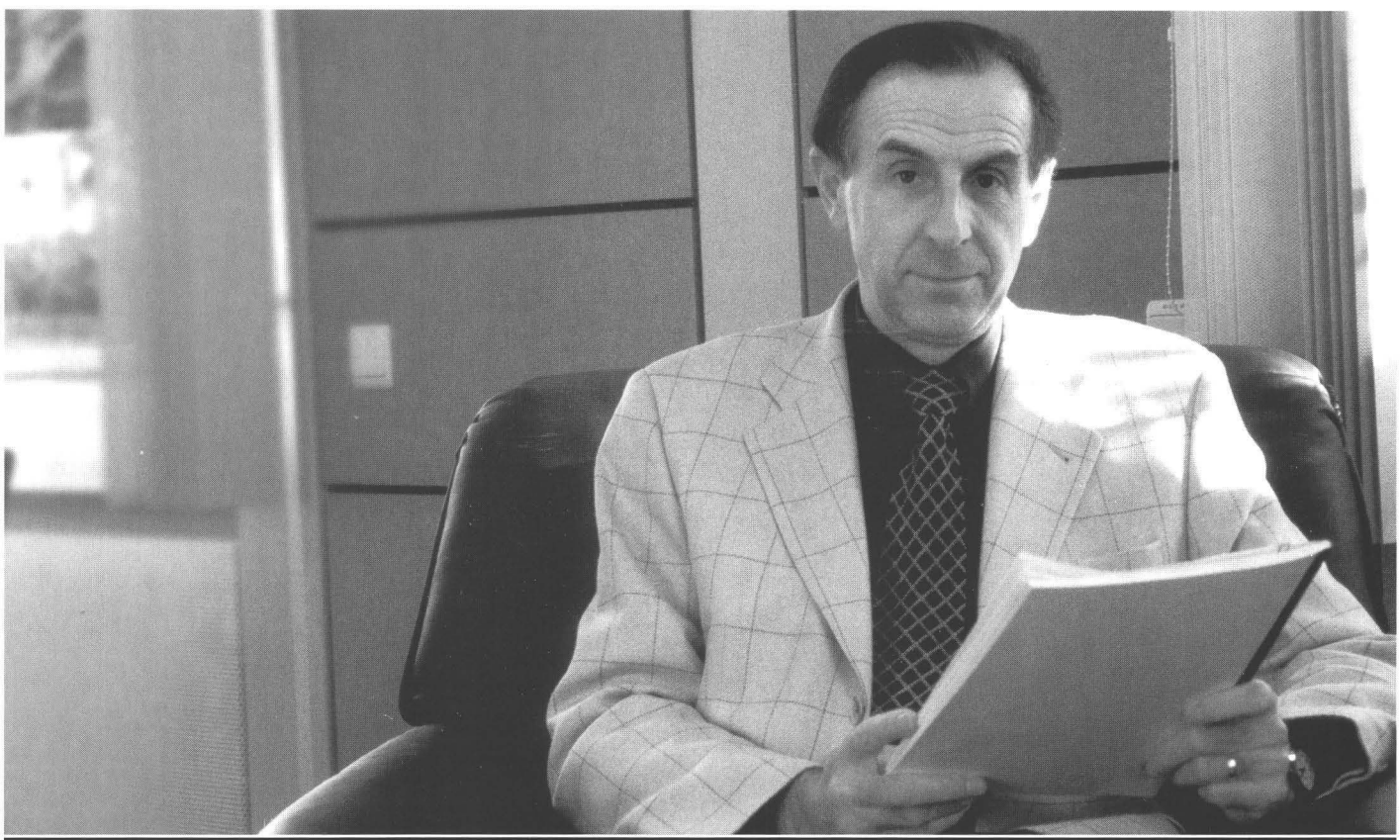
So are the data published on behalf of the INA objective and unbiased?

"In order to ensure that the INA's statistics are objective and unbiased, it was decided to set up a technical committee comprising six members from the associate institutes – two from each – and six people representing the universities, divided equally between the French- and Dutch-speaking communities. The committee has a role to play in the case of the national accounts, since it has to approve the data. This approval is subject to very strict rules, and a simple majority is not enough for the data to be endorsed. There has to be a two-thirds majority in each group, the universities and the institutes.

"In addition, if the INA decides to go ahead and publish national accounts data without the committee's approval, the latter has the right to have the reasons for its opposition published in the introduction. This has never happened, since as a rule of thumb we inform the university members of our methods before collecting data. If they are happy, it is unlikely that they are going to question the figures produced by such a methodological approach. In the case of foreign trade data, I just have to give the go-ahead for them to be published."

Odd relations

The relationship between the BNB and the INA seems odd, to say the least. **Bart Meganck** has no official post within the INA, even though he is chairman of the technical committee that oversees the national accounts. Outside his office there is no mention of the INA. Publications simply mention "INA" or "BNB on behalf of the INA." And if you raise the possibility of statistical work



Despite 30 years spent at the central bank, a time divided equally between the research and statistical departments, **Bart Meganck** had already been involved in official statistics. Between 1972 and 1973 he helped to set up the national accounts for the Bank of Zaire under bilateral assistance agreements. When the Belgian statistical scene shifted with the 1994 reform, it was 'back to the future' for this economist by training.

With Meganck, Belgian statistics certainly had the key person to get the national accounts in order and to meet the deadlines for economic and monetary union. Since the start of the 1990s, he has been on every European statistical committee imaginable: he represented the INA as member of the Belgian delegation to the Statistical Programme Committee, he was chairman of the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB); and, as a central banker, he is involved in the work of the Statistical Committee of the European Central Bank.

being transferred to the BNB in the future, Meganck retorts: "We have enough on our plate as it is." In any case, the chief statistician at the BNB has come a long way.

"When we started, we were among the worst, if not the very worst, in Europe. We now lead the field.

"At the end of 1996 and beginning of 1997 we eliminated the backlog in connection with foreign trade. The INA had been in charge of these statistics since 1 January 1995. The first figures came out at the end of 1995, with a time lag of seven to eight months. We caught up by publishing two months of statistics every calendar month. We have really made the most of computers, and we have also been able to draw on the experience of other Member States that had set up their Intrastat systems at the beginning of the 1990s. The same goes for the national accounts, which are now generally computerised. For the national accounts figures we now make greater use – and this is a major innovation – of administrative records and of data from the BNB's business accounts registry."

A wealth of statistics?

"It is often said that Belgium has only a limited amount of statistics. This is both true and false. Like the Scandinavian countries, we have a lot of administrative data that are available and that can be used for processing. We have exploited this underused source. The result is that we now meet all the deadlines for macroeconomic statistics, with only one or two minor exceptions. I should point out that in April 1999 Belgium was one of the four Member States ready for the first stage of the ESA 95 European System of Accounts."

It is no secret that Belgium has experienced major institutional changes in recent decades. It would be surprising if statistics had avoided the general trend in the country. We asked **Meganck** to explain how official statistics had adjusted to these changes.

"First of all, there are two facts that have to be borne in mind about the regionalisation of the country. While it is true that the regions – Flanders, Wallonia and Brussels-Capital – need more and more statistics, they basically use them rather than produce them. The real question we have to deal with as a national producer is whether we can provide the regions with top-quality statistics on time. If the answer is yes, the regions have no incentive to become producers in their own right. After all, official statistics remains a national responsibility and task[1].

"When the INA was set up, we anticipated these needs and already two years ago we regionalised foreign trade statistics. Each region now knows how much it contributes to the country's exports. There are problems with regard to identifying where exports come from. Our seaports are all in Flanders, which means that Wallonie's share of export trade tends to be underesti-

The well-known 'Grand-Place' in Brussels

THE NEW STATISTICAL LANDSCAPE IN BELGIUM

Official statistics in Belgium can be divided into pre-1994 and post-1994. Before December of that year, the National Statistical Institute (NSI) was responsible for all official statistics, from collection to production. The 1994 law changed the situation completely, especially with regard to 'production', since the NSI is still the main supplier of basic data. In connection with the Institute of National Accounts (INA), two new partners emerged: the Belgian National Bank (BNB) and the Federal Planning Office. They have been assigned the following tasks:

- The BNB compiles on its own the statistical tables for the actual national accounts, the financial accounts, the quarterly national accounts, gross regional products and foreign trade statistics.
- The Federal Planning Office compiles on its own the statistical tables for the economic forecasts needed to draw up the federal budget ('economic budget') and the input-output tables, including some sectoral satellite accounts.
- The BNB, in close collaboration with the Federal Planning Office, compiles the statistical tables for the annual and quarterly accounts of general government.

In order to ensure that the data are objective and technically valid, two technical committees have been set up by law: a committee for the national accounts, which must be consulted for the actual national accounts, gross regional products and the input-output tables, and a committee for the 'economic budget', which must be consulted for economic forecasts.

mated. But the important thing is that the regions understand the pattern and performance of their exports. The national accounts have also been regionalised, mainly because of European Union requirements. I am thinking here about the allocation of the Structural Funds."

Belgium's regional authorities do not all show the same interest in regional statistics. The Flemish Government's website (*http://fred.vlaanderen.be*) reveals a keen interest in all kinds of data about the region, but the other regional entities seem to be less interested.

Future challenges

"Anyway, in the future we shall have to comply with the rest of the ESA 95 timetable. I also expect some effort to go into explaining the new system. Users need to be told how it all works through meetings, workshops or other means. So far, we have been unable to devote any effort to this, since the production of figures came first. When it comes to staff training, we still have a lot to do."

Can you clarify that last point a bit more?

"Well, it is not only a problem at the INA. We need to let people move with the basic trend. We are in the process of shifting from an accounts approach to a much more statistical approach, and taking over work from the INS has speeded up the process.

"The fact is that the accounts approach, traditionally used for banking statistics, requires comprehensive and accurate data. Time was less of a factor. The tendency was to put off publishing data until all the information was in. Nowadays, this is no longer possible. The European Central Bank wants data on money stocks to be supplied 15 working days after the end of the month. If any items of data are missing, statistical techniques have to be used to fill the gap.

"In the case of quality control, it is no longer possible to check every single record and file; the aggregates have to be checked, using techniques such as disaggregation and correlation or regression analyses.

"To achieve this, we are going to train everyone at the BNB so that they have at least a basic grasp of the new methods. It is less of a problem for those involved in INA work, because we brought in about ten people from the INS, recruited others from the universities and trained the existing staff in the new approach. With staff whose average age is between 30 and 35, it is easier to adjust to computers and to statistical techniques."

European approach

"Belgium is a small country. With globalisation and European integration, the national significance of statistics is declining. Also, it makes no sense unless they are harmonised and comparable. Purely Belgian statistics are pointless. At the INA all our statistics are harmonised and standardised. We have deliberately opted for the European approach."

Even if it is sometimes hard to explain things abroad, the new statistical situation in Belgium reveals the local institutions' genuine ability to adapt to internal and external requirements, in spite of limited resources. ■

[1] In the case of some powers that have been transferred to the regions – e.g. the environment, education, transport – the regions have sometimes been tempted to produce their own statistics.

THE HOUSE OF BELGIAN STATISTICS

INSTITUTE OF NATIONAL ACCOUNTS (INA)

Institution under the joint responsibility of the NSI, the BNB and the Federal Planning Office for national accounts and external trade

NATIONAL STATISTICAL INSTITUTE (NSI)	BELGIAN NATIONAL BANK (BNB)	FEDERAL PLANNING OFFICE
Collection and compilation of official statistics, including most of the basic data for the national accounts	Preparation of national accounts and gross regional products for the INA	Short-term economic forecasts relating to the national accounts
	Foreign trade statistics	Input-output tables

Belgian statistics are REBORN

JOHN WRIGHT continues *Sigma*'s review of Belgian statistics. He went to the heart of the EU, Brussels, to talk to **CLAUDE CHERUY,** ebullient Director-General of the Belgian *Institut National de Statistique (INS)*, which is part of the Ministry of Economic Affairs. If our interviewer was expecting to find 'more of the same', he was in for a surprise.
The INS is, shall we say, somewhat idiosyncratic...

You could say Belgian statistics have a 'split personality' and a low profile... that the system is chaotic. You could say they have had a bad reputation, have even been in crisis. You could very well say "How have the mighty fallen".

In fact, **Claude Cheruy** – the man who picked up the gauntlet of revitalising Belgian statistics – says all these things and more during our interview. But he also demonstrates that the corner has now been turned. Even so, the 'split personality' will remain – plus a little chaos.

As you will see, the INS story is complicated and multi-facetted, but not a little fascinating. It's best told in the discursive way **Cheruy** tells it to me, starting with what is clearly a major preoccupation...

"Dissemination has been crucial to our new policy – firstly, to increase the human resources: to have really skilled people to answer any question raised by both specialists and the general public within two days, at least on a provisional basis.

"These people are also in charge of selling our products. But this is not a major part of our policy.

"I don't consider we're some sort of profit-making company – we're basically providing a service to the general public. That's why we divide clients into different groups: firstly, the authorities – European, national, regional, local; the second including businesses; and thirdly, the community, the general public.

"The people in our documentation unit have special training to answer questions from non-specialists. This is a point I made when I came here at the very beginning: statisticians are very skilled at talking to other statisticians; it's quite another matter to talk to the general public. And that's something we've tried to develop.

"We're proud of our web-site. It's been delayed because we've had to share the hardware with the general services of the Ministry of Economic Affairs. That's tied up with INS's status as a Directorate of the Ministry."

◀ *"We're proud of our web-site." The address: www.statbel.fgov.be*

Why are you proud of it?

"Because, I guess, that with very limited resources we've tried to make it full of information with all available links. The challenge we faced was not related directly to statistics but the way we're trying to obtain the necessary flexibility to run a 'statistical business', a little apart from the general business of the Ministry.

"The site has been up and running for about one year but we were actually ready two years ago. That's my frustration!"

'Still a lawyer'

The fact that **Cheruy**'s preoccupations and frustrations are bubbling up at the start of our interview clearly reflects their importance, but I need to establish the context... So, I say, tell me how long you've been with INS.

"Since 1992", he replies. "Before that I had nothing to do with statistics. I was a civil servant in charge of economic development and foreign investment. I then worked in the private offices of Ministers – in the regions and Federal Government. Finally I was sent to the Belgian office to the European Communities, where I was from 1985-92.

"And then an opportunity occurred here at INS. I chose to make a U-turn in my administrative career: to run a 'big business' instead of working with small teams in very specific areas of government policy."

So you're not a statistician?

"No, I'm a lawyer. Never practised – always a lawyer in the Administration. I still feel a lawyer. My approach to things remains the lawyer's way."

How, I ask, does that differ from the statistician's way?

"Statisticians I know here and in neighbouring countries are very skilled. They know all the intricacies of their business...

are very, very professional in their field. But sometimes they lack a broader view of society.

"My fear is that everybody is becoming a 'super-specialist' in his or her domain. We need people with a broader view of the community, capable of inserting their work adequately into a more global context.

"This is the sort of team spirit we're trying to achieve here."

As well as a lawyer and a distinguished public servant, **Cheruy** is also a lecturer at the ICHEC, a business school in Brussels, and at Mons Fucam University, and a luminary of many an academic committee. Which may explain why the interview diverts breathlessly up and down different avenues before returning to the same logical path, and seems almost like a seminar in Belgian statistics.

I dig for more context: tell me a little about INS's history and where you're 'at' now?

Cheruy: "We're still part of the general administration with no special status as a statistical office. However, in '94, in the framework of my relaunch plan for statistical activities, Parliament decided to grant INS special legal status. But we're still waiting for implementation!

"This is one of my regular disputes with Government Ministers. When, I ask, *are* you going to implement these measures? I've been waiting for five years.

"So we're still part of the Ministry of Economic Affairs. I'm one of the eight Directors-General who cover a broad area of administrative activity."

Less independent?

I ask if INS being very much part of government in this way perhaps makes it less independent than other EU NSIs?

Cheruy: "This is certainly my feeling.

"When I was appointed in 1992 I was specifically charged by the Government to develop a plan for relaunching and redeveloping INS. I don't like the expression too much but I was, in some senses, recruited as a crisis manager.

"There had been a lack of direction for more than seven years: absolute, total demotivation of the staff... lack of resources... lack of objectives... lack of management... My relaunch plan was ready in June '93, with approval from Government a year later.

"Part of this is something foreign colleagues find difficult to understand – the splitting of official statistical activities. Beside INS, which I run, a new body has been established – the Institute for National Accounts under the sponsorship of the National Bank of Belgium (*see article on page 30*).

"The reason is basically budgetary. Unavoidably, my plan would have led to additional expense generated by the recruitment of high-level people. So I proposed finding the money by transferring lower-level people; but this is impossible due to statutory rules covering the Civil Service.

Statistics of statistics

"The Governor of the National Bank, which is a public limited company in Belgium, issued an alternative. He said he was ready to perform some statistical tasks at no cost, albeit a decrease in Bank profitability...

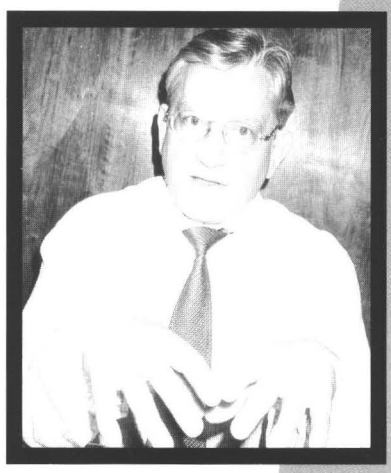
"The Bank was interested primarily in national accounts. I could accept another body doing these because my point-of-view – albeit a heretical one, especially if you talk to French colleagues! – is, and remains, that national accounts are not statistics but some sort of secondary statistics: statistics of statistics.

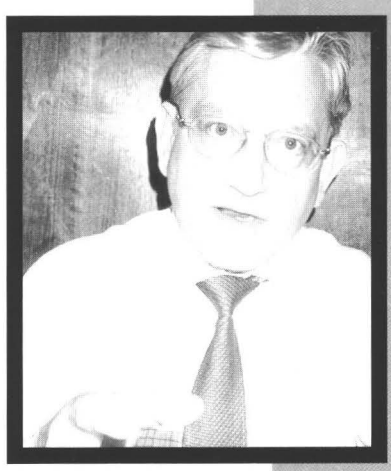
"When the national accounts division was inside INS it was an internal client of other statistical divisions. It was our product – basic statistics – that was used to develop a second product. So I could accept the Bank's role in this respect, however traditionally it had been core INS business.

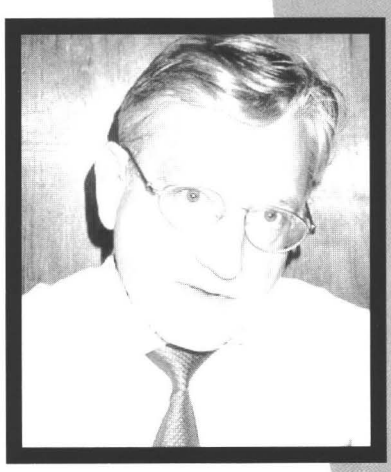
"And to really create some fresh air in the process another block of work transferred to this new institute was foreign trade statistics.

"So this body was set up – a body without human resources, just a management board with a chairman and six members: two from here, two from the National Bank, two from the Government Planning Office. Day-to-day tasks are performed by officers of the participating institutions. I provide the basic figures, the Planning Office is responsible for economic policy, and National Bank officers are in charge of statistics of external trade and national accounts – all under the direction of the board.

"This is the solution... the Belgian way. It may be difficult to understand, because it







seems to most people, including those in the Bank, that national accounts have been 'transferred' to the National Bank. This is how developing countries proceed." He laughs.

But does it work?

"Yes – very well; basically because the task is clearly stated in legislation. Everyone knows it precisely. There's no overlap or encroachment on one another's business. I am absolutely not involved in monetary policy or economic forecasting and the Planning Office and Bank are not involved in the classic statistical business of collecting, processing and disseminating as defined in our mission statement."

So, I ask, if not national accounts, what are your key indicators?

Cheruy: "We're still in charge of short-term indicators – industrial production, sales figures...; we shall be in charge of data on wages and salaries, due to the new European Regulations. We're providing indicators on retail prices – not the harmonized CPI, which is a task for another administration within the Ministry, but sales figures of retail stores. And we're trying to develop new economic indicators...

"Since the setting up of the Institute for National Accounts we've been much more concerned with social and socio-economic statistics than pure economic statistics. So we're very much stressing products in the style of the household budget survey. This had been conducted every seven or eight years; now it's annual – we've just done it for the third year with roughly the same sample of 2,500 households. We now have some good comparisons. It's a very interesting survey because you can add satellites to it, for instance questions on poverty over time.

"The second project we're really developing is modernisation of the labour force survey. We're also working on a new product covering holiday patterns, stressing them as an economic indicator. And we are still in charge of the classic statistics on business, the environment and agriculture.

"The 2000 population census also remains a key project.

A lot of competitors

"One of my conclusions", **Cheruy** adds, "is that in running an official statistics business you have a lot of competitors. Firstly, within the constitutional framework of Belgium, the autonomous regions are competitors. Regions are willing to develop their own statistical systems. This might be to stress a specific reality of their own – that I am willing to discuss with them: I am ready to provide the basic figures and to develop statistical series or products that comply with their needs.

"But a further point is regions adopting a real political position: 'I am an autonomous region and I am showing this by issuing my own statistics'. This is the difficulty we now face with the regions.

"And", he goes on, "then there's competition from colleagues in the other federal administrations – everyone is willing to compile his or her own statistics. To some extent they're under the illusion that producing statistics is easy, provided somebody is supplying the basic figures, which is the most costly operation. That 'somebody' is us, the INS – that's our core business. My view is that if we do the most 'boring' part – collecting the basic data – we're also entitled to the 'nice' part, the 'cream'.

"We want some cream as well!

"But we have to be very attentive to developing new products and a real marketing approach, not just following some form of supply side. OK, we are *supplying* statistics, because of European Regulations or national Acts, but there's also a *demand* for statistics that we must identify and respond to adequately."

Some good news

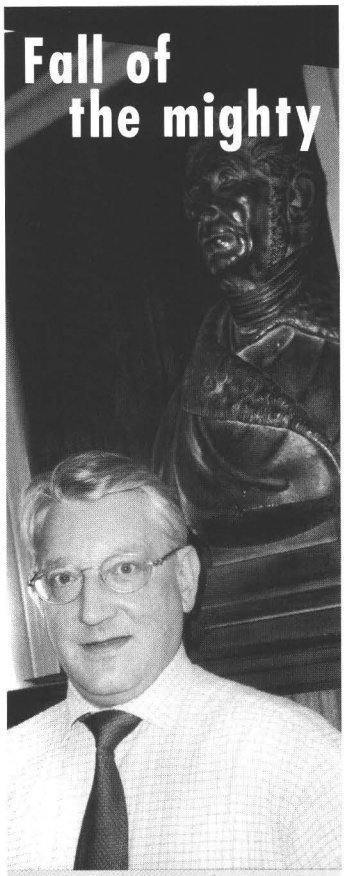
I get the impression he's as disappointed with progress in this area as with other aspects of his vision for Belgian statistics...

"Well, there should be some form of flexibility that, although guaranteeing the Administration free access to its own resources, enables us to sell products without being committed to handing the proceeds to the Treasury... allows us to keep them ourselves.

"I'm not asking the Government to be an independent legal body. I just want to keep some proceeds of my own commercial activities – of my own search for external funding.

"We issued this proposal long

Fall of the mighty



Says **Cheruy**: "We began our relaunch after a report from Eurostat in which Georges Als, former head of the Luxembourg NSI, Statec, said of Belgian statistics, 'How the mighty have fallen'."

Als, explains **Cheruy**, was referring to the reputation Belgian once had in the international statistical arena. This was thanks mainly to **Adolphe Quetelet** *(whose bust is pictured above)*, regarded as the 'father' of modern statistics. **Cheruy**: "Quetelet was a Belgian, a mathematician, an astronomer, who decided to apply mathematical rules to human reality. He was the 'father' of the average man, as measured by statisticians.

"There's a culture of international cooperation in statistics – a very old one going back to the great International Statistical Congress in Brussels in 1853, held on Quetelet's initiative and the basis of international nomenclatures and comparability of statistics."

The congress led in time to the International Statistical Institute (ISI), which has remained an integral component of international statistical cooperation ever since.

ago. The frustration is that the Act was adopted by Parliament at end of '94 and I'm still waiting for implementation. But" – his face lights up – "I *do* have good news: maybe when this interview is published the matter will have been solved... hopefully."

But it's not all doom and gloom...

"We asked for an increase in human resources – from 60 to 105 statisticians. We got the authorisation for recruitment, held examinations, and now we're at 102. I asked for extension of my direction cadres. That was granted, so I was able to choose myself the people to be my directors."

Cheruy says he has 850 staff altogether, 600 of them Brussels-based. The four regional offices are concerned mainly with practical tasks on behalf of Brussels, although all have some flexibility to develop their own information policy based on local needs and priorities.

Still intrigued by the duality of Belgian statistics I ask who represents them at international meetings...

"As well as me, there's my colleague from the National Bank; he's the head of their department for general statistics. He represents the national accounts."

So always two Belgian representatives?

Slightly unusual, he agrees, but no problem because of the clear division of responsibility – "and fortunately we have a very good personal relationship; we've known each other for years."

I come back to INS being an integral part of the Ministry of Economic Affairs. Does this affect his independence of action?

"I don't think so", **Cheruy** replies. "I've never really had to fight for my budget, except in the difficult period of approval of the development plan. Of course, I have to commit myself to the existing rules, which govern the business of all Ministries. That's manageable.

"The point you may wish to raise is my relationship with the authorities when issuing information. Well, we have very good agreements with Ministers and their private offices. All press communiqués etc are given to them two days in advance. It was one day but" – shrug of shoulders – "that's manageable. I've never had any difficulties. Ministers have never demanded changes.

"But I'm only talking about Ministers in this Department. I don't send agricultural statistics' releases to the Agriculture Minister... road safety to the Transport Minister. That *can* lead to problems because the Minister in charge of road safety can claim he's not been informed when we issue a press release on road accidents, especially when the figures are bad.

"For example, the State Secretary for road safety had proposals approved by Government to improve the safety of pedestrians and cyclists, with absolute priority given to zebra crossings. I guess it was a lack of communication but three months later we had to announce a big rise in accidents involving pedestrians, especially on zebra crossings! So the Secretary was not very happy with our title 'Zebra crossings are dangerous places for pedestrians'. OK, our title might have been 'provocative' but the figures were the figures – an increase of 20%.

"Then there's a big campaign to increase motorway safety, and what's the result? An increase in accidents. He's not too happy! OK, I explain my point-of-view, receiving enormous support from European Regulation 322, which I'm committed to following. One provision is objectivity. You cannot, you may not, force me to change the figures. I can adjust; I can give a 'smooth' presentation – but the figures are the figures. But, in fairness, it's never led to 'heavy' problems."

At this point I suspect two things of the ebullient **Monsieur Cheruy**: a.) That he rather relishes the cut-and-thrust of reinforcing what independence he has, and b.) That this is, at least in part, a matter of protecting what he sees as his 'competitive' position as the 'market leader' in the supply of Belgian statistics.

He continues: "My point is that there's one INS and one Minister politically responsible for my activity before Parliament as the Minister for the Economy. So I just report to him. Well, I'm not really reporting – I have an *agreement*: prior advice of press releases but not of the classic statistical brochures etc, which the Minister receives at the same time as everybody else."

But there's nothing to stop the Ministers of agriculture or road safety etc from developing their own statistics?

"If I consider the basic provisions of the Statistical Law everybody is free to compile statistics, but only INS may *force* responses. Anyone willing to collect them on a voluntary basis – and providing they follow the guarantees on protection of privacy of people and businesses – may publish statistics. There's no monopoly, but such statistics will not be 'official'."

Kings of "Bricolage"

When it comes to home improvement, no self-conscious Belgian would forfeit his right to transform his modest castle into a real Versailles. Observers intuitively know this by witnessing the mad rush to repair stores on weekends. Today, Eurostat has data to prove this.

A recent report on European households indicates that Belgians and Danes share the honour of being the European champions when it comes to "home production, repairs and maintenance": 32% of the households surveyed in these two countries admitted to indulging in do-it-yourself activities, a major difference in comparison to the survey average of 19%. The survey provides no further explanation of this inclination, but the results seem to confirm the local saying that "every Belgian has a brick in his belly".

MARRIED & MARRIED TO EUROPE

I ask Claude Cheruy what he does to relax from the undoubted complexities of Belgian statistics.

"I have a very specific hobby: I married recently. So my very, very important hobby is my spouse's grandson, who is two-and-a-half. My weekly exercise is to run after the baby!"

From the way he's been talking it's fair to say he's also 'married' to the European ideal, isn't it?

"I am; but an integrated Europe, Schuman and Monnet style, not cooperation but integration."

And I take it from your name that you're a French-speaking Belgian?

"Yes – but my mother is English and my grandmother was a Scot."

Now there's a surprise!

Chaotic? Perhaps

The Statistical Act he refers to is dated 1962 – "but we drafted a new Act which we submitted to the Government for approval."

I ask: if this law is enacted will it strengthen your position?

"Most certainly. It will not change our working methods much. But what we are doing will be enacted so we can demonstrate transparency to our respondents, the suppliers of data.

"One basic provision is absolute – free access to administrative registers, which is also part of European Regulations. The problem now is that colleagues from whom we seek data say, 'OK, I'm ready to give you access but I'm not completely sure that you, the INS, are as well equipped as I am to protect the privacy of these data because the provisions of the Statistical Act are too old'. With the new Act, this will no longer be a problem."

Up to now I haven't dared to ask this question but here goes... Some might regard the whole system of Belgian statistics as a little chaotic. Is that fair?

Cheruy: "Seen from abroad it could seem *very* chaotic, especially the setting up of a secondary statistical office, and more specifically the activity of the National Bank. I know my ESS colleagues are very reluctant and cautious about the involvement of their Central Bank in statistical business. But, of course, due to ECB requirements, the Central Banks *are* now involved in statistics. Nevertheless, it seems to my colleagues – especially the French and Dutch – that we have gone too far in having national accounts 'transferred' to the National Bank."

Also seen from abroad, I say, the Belgian INS seems to have a much lower profile than other NSIs.

"Yes, most certainly, a lower profile. There's not necessarily a lack of official support but clearly a lack of interest by the community – the public. I would be delighted if, after completion of our relaunch, every public service in search of figures came to us first to see if we could provide them."

Why don't they now?

Cheruy: "This is something to do with our history, our bad reputation. I have to confess that in the past INS was unable to respond to demands quickly or adequately, so the habit of asking us was lost. The result I can achieve is to persuade colleagues to reacquire that habit – to come to us first if they want statistics. We'll either have them or not; if not, we should be able to provide them quickly.

"Once I dared to say that Belgian was now a country without a statistical culture. A lot of specialists were rather angry and replied, 'Yes we do – in the universities, where we are developing basic research in statistics'. But I replied, 'You misunderstand – I was not referring to academics; I meant the general public and, in some senses, government."

Given Belgian's distinguished contribution to international statistics in the 19th century, how did this 'cultural deficiency' come about?

Cheruy: "I have a personal explanation. This is not the DG speaking but the citizen and the university lecturer... Belgium is a country of consensus. So you have to negotiate to reach a jointly agreed point-of-view. We see that in industrial relations, with a hugely developed system of collective bargaining that works fairly well.

"Now... a culture of a consensus is incompatible with the culture of the precise figure. In order to negotiate you rely on your own figures. I often joke that some Belgian people probably dream of a GDP resulting from negotiation between the trade unions and business federations – each starting with their own figures and negotiating a joint outcome!

"Basically my explanation for this indifference to statistics in Belgian society is sociological. That's why we're trying to publish data on what really affects people's daily lives – household and labour force surveys... holidays... the number of kilometres driven by Belgian lorries...that sort of thing..."

Do you think it's working?

"To judge from press coverage, yes."

So, the mighty having fallen, are you now starting to rise?

"The future looks brighter!"

The 'seminar' ends. I shake hands with the man charged with raising the phoenix of Belgian statistics from the ashes. There's no doubting his energy and commitment. And I think if I were to write this profile a few years hence it would be a very different story. ■

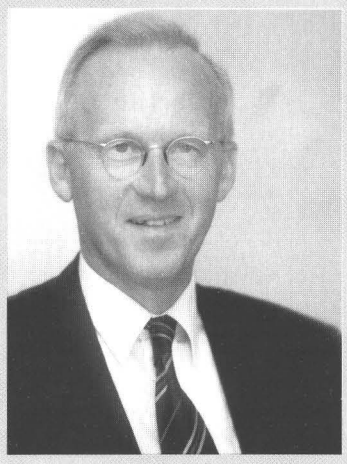
The changes at the top of NSIs that got underway last year are still in progress: Mr Ruud van Noort replaces Ad Abrahamse as Director-General of CBS Netherlands; Mr Willem de Vries, ex-deputy Director-General of the CBS, and Paolo Garonna, Director-General of Istat, have both left their positions for new horizons. And finally, Östat welcomed two new Directors-Generals and its structure was radically revamped.
(*See following page and article on page 41*).

NSIs on the move

Mr Ruud van Noort (56) was appointed Director-General of Statistics Netherlands (SN) on 15 September 1999. He succeeded Mr Ad Abrahamse who took early retirement.

In his previous function as Director-General of the National Institute of Public Health and the Environment (RIVM) of the Netherlands Ruud van Noort was already in close contact with Statistics Netherlands. Both institutes collaborate closely in the fields of environmental and health statistics.

On his first day in the job, Mr Van Noort attended a meeting of the Statistical Programme Committee (SPC) and was highly



impressed at how the Community Statistical System functions. He was particularly interested in the debate on how to cope with the future needs of the EU in the context of inadequate budgets. This point is of particular interest to Mr Van Noort whose mandate is to guide Statistics Netherlands through a process of severe staff and budget cuts in the coming years. Mr Van Noort will need to devote all his time and attention in the foreseeable future to the necessary restructuring of SN. He is looking forward to becoming active in the international statistical community during the course of the year 2000.

"International cooperation is essential for statistical institutes," Mr Van Noort explained. "It enables us to develop our professional standards. Producing international comparable statistics of high quality is our main task and is increasingly in demand by national and international users."

Mr Willem F.M. de Vries left his post as Deputy Director-General of Statistics Netherlands to become Deputy Director of the United Nations Statistical Division in New York. He took up his new post on 1 November 1999.

This appointment can be construed as a logical step in his career, since he has been very active in the international statistical community for a long time in a wide range of functions. He represented Statistics Netherlands for some 20 years in the SPC and meetings of the Directors-general of national statistical offices and has contributed extensively to the development of the Community Statistical System. As a token of recognition, Eurostat Director-General Yves Franchet awarded the Schuman medal to Willem de Vries.

In his new position Mr De Vries will be a regular visitor on the European statistical scene, both to Eurostat and to the Conference of European Statisticians.

In November 1999, Mr Paolo Garonna was appointed Director of the Statistics Division of the United Nations Economic Commission for Europe. For seven years, Mr Garonna had been Director-General of Istat, the Italian National Institute of Statistics.

Before joining Istat in 1992, Mr Garonna was Professor at the Faculty of Statistics at the University of Padova. With the function of Deputy Director for Employment and Social Affairs he worked at the OECD in Paris. He also was an economic advisor to various Ministers and Prime Ministers in Italy and in other countries, and to social partner organisations.

During his term of office at Istat major changes took place in the strategies and organisation of the Italian Statistical System:

- A push towards more research and research oriented activities in partnership with European and private research centres.
- An increasing international orientation and involvement in Europe, the United Nations, and technical co-operation, particularly with the East and in the Mediterranean.
- An increasing visibility and recognition of Istat and its products.

Mr Garonna contributed to these developments by putting in place, amongst other things, Istat's flagship publication '*Annual Report on the Situation of the Country*', the scientific journal '*Rivista di Statistica Ufficiale*', the internal communication tool '*Istat-Informa*', as well as an Internship and Visiting Fellowship Programme.

Mr Garonna also laid the foundation stones of the '*Siena Group on Social Statistics*' and the CESD-Roma, a member of the European CESD (European Centre of statistics and development) network. He was President of the Conference of European Statisticians, and a member of the Bureau of the same Conference.

In his new position, Mr Garonna will continue to be a partner and supporter of the European Statistical System.

Two new directors to head *Statistics Austria*

The reorganisation of the Austrian Central Statistical Office ('Österreichisches Statistisches Zentralamt', Östat) has not only meant a name switch to Statistics Austria, a change in statute (*see article next page*), but also new managers coming on board.

On 1 January 2000 Dr Ewald Kutzenberger and Dr Gabriela Petrovic took up their posts as new statistical director and commercial director of *Statistics Austria*. After being recruited by an outplacement consultancy and recommended by a selection committee, they were each appointed for a five-year term of office by the Austrian Chancellor in November.

Dr Ewald Kutzenberger, 55, first worked as an industrial clerk for ten years in Austria's biggest iron and steel company before obtaining his secondary education diploma under a part-time work-training scheme. He then studied social and economic statistics in Linz and played a key role, first as a tutor, then as a junior lecturer, in setting up a computer centre at the university.

In 1972 he joined the statistical department of the Upper Austrian Land Government and was appointed head of department in 1985.

A lecturer in demography, research planning and official statistics at the University of Linz, Dr Kutzenberger remains in close contact with the academic world. He has also been a member of the National Commission on Statistics and its key specialist advisory committees as a Land statistician since 1985. He is thus well acquainted with the issues and problems associated with statistics at the federal level.

His special field is demography. He has conducted demographic research in the People's Republic of China and in Japan, and also attended the UN-sponsored International Conference on Population and Development in Cairo in 1994. He is no stranger to European statistics either: in 1992, he was seconded to Eurostat and took part in several seminars under the TES programme (Training of European Statisticians).

As statistical director of *Statistics Austria*, Dr Kutzenberger will be responsible for all matters concerning the field of statistics and the public authorities. He is particularly keen on developing federal statistics as a service to public administration, industry and the public through the systematic use of total quality management. Priority will be given to customer satisfaction, the quality of products and services, the development of the European statistical system, staff motivation and satisfaction and internal productivity.

Dr Kutzenberger is looking forward to working closely with the commercial director to develop *Statistics Austria* as a modern and highly reputed service.

Dr Gabriela Petrovic, 41, from Vienna, is a law graduate who initially worked for several years as a junior lecturer at the Vienna Institute of Labour and Social Law. She then left academia to take up a post as head of personnel with a major commercial company and, from there, moved to a managerial position in a printing and media company.

As commercial director of *Statistics Austria*, she will be responsible for the economic aspects of the reorganisation – as a federal body under public law, the Central Statistical Office will have to pay greater attention to efficiency than hitherto.

Dr Petrovic considers that her priorities are to set up modern accounting and audit systems, to introduce appropriate management structures and to establish effective human resource development measures that optimise staff potential. The corporate-like aim is to ensure that federal statistics are produced competently and cost-effectively. ■

The year 2000 marks a turning point in the development of official statistics in Austria. With the entry into force of the Federal Statistical Law of 2000 on 1 January, ÖSTAT, the Austrian Central Statistical Office, has now become a federal body under public law. In addition to this legal change to a semi-public status, the law adopted last July by the Austrian Parliament introduces other radical changes. **KURT KLEIN** (Vice-President) fills us in with the details.

ÖSTAT CHANGES SHAPE

Official statistics have existed in Austria for 170 years (1829-1999). For the initial 120 years, there were no basic structural rules governing the compilation of these statistics until the first Federal Statistical Law was enacted in 1950, followed by a second Law in 1965. Today, as the third millennium starts to unfold, a new Statistical Law governs Austrian statistics.

Austria was not the only country to be without a "basic statistical law" from the outset. The EU itself was only given a basic legislative framework for its statistical activities in 1997, forty years after the Treaty of Rome, in the shape of a Council Regulation on Community statistics. Hence, it often seems that a statistical law comes into being after a long period of development, rather than being the catalyst for this area of State responsibility.

A first law

The first Federal Statistical Law in 1950 was an *ad hoc* measure designed to underpin the actions undertaken in 1945 to centralise statistical activities within a single department, and to extend the statistical programme during the period of economic recovery. It only ran to twelve paragraphs and there was absolutely no mention made of economic statistics.

This legislation broke the ground for the Federal Statistical Law of 1965, which contained a list of survey subjects and characteristics, and extended the scope of Federal statistics. The 1965 Law was amended twice to adjust to changing circumstances – in 1990 as a reaction to the Data Protection Law and in 1994, to take account of Austria's accession to a supranational Community (EU) and the obligations this imposed. Despite a number of adjustments, the upheavals in the national statistical system resulting from EU membership meant that the Statistical Law had to be thoroughly revised shortly after Austria's accession.

The Law hitherto in force was unable to resolve a number of pressing problems that were hampering the adaptation and further development of the statistical system. These were:

- the issue of secondary statistics and the use of administrative data;
- the use of registers in carrying out surveys and as substitutes for statistical surveys, and the regulation of the information flow required to keep the registers;
- the ongoing task of official statistics to lighten the burden on information providers.

The "re-positioning" of statistics

Other signs that it was about time to consider a new Statistical Law came from the statistical services' own reflections on its purpose and the new role played by statistics in modern society. In 1992, the ECE/UN adopted a document entitled *"Fundamental Principles of Official Statistics"*, which presented, for the first time, an official international code setting out the ethical and professional bases for official statistics. Similar principles can be found in a number of more recent national statistical laws, in the 1997 EU Council Regulation on Community statistics, for instance, or in the International Statistical Institute's declaration on professional ethics.

Official statistics are no longer perceived as merely a means of delivering data for political and administrative purposes, but are increasingly considered a key component of democratic societies' 'information environment' –, a constant public reminder of the need to retain a sense of reality, scale and proportion. Statistics should be seen as an integrated system of tasks and solutions, and not just as the sum total of individual surveys or projects.

Describing official statistics nowadays would be impossible without keywords such as 'principles', 'quality', 'scientific bases', 'professionalism', and 'public commodity', and without considering them as an open system for both citizens and administrations. Some of these ideas are bound to be taken up in the legal definition of its tasks.

At the same time, the deterioration in many of the general conditions for carrying out statistical work in Austria also highlighted the need for a new Statistical Law. ÖSTAT had, like most public service departments, been placed in a straitjacket by cost-cutting and constraints, and this was then compounded by a specific programme of cutbacks. Signs of a downward

spiral were there for all to see. While there is little prospect for changes to this situation in the near future, it was felt that modifications could at least be made to the legal room for manoeuvre, thus providing the foundation for future use.

A Law for the future

Austria's accession to the EU led to radical changes in the tasks and structure of official statistics, including a proliferation of regulations for Federal statistics; at the last count, almost two-thirds of the applicable rules were related to EU law, and just over one-third to national law. This regulatory procedure, which had been set in motion at European level, was to be continued at national level by the new Statistical Law and extended to secondary statistics, i.e. the statistical use of administrative data, since the previous Law had not expressly covered these.

Work on the draft legislation was interrupted by a discussion that arose on the possibility of separating off ÖSTAT from its computer centre. The separation of ÖSTAT – the discussions having moved on to what was, for Austria, the novel concept of a body under public law – became the central issue of the legal deliberations, and the final phase of the consultations was therefore conducted entirely at a political level and was dominated by issues relating to the staffing and budget of the new body. Whilst ÖSTAT itself did not take part in these discussions, matters of statistical concern were ably represented during these proceedings by politicians and their advisers.

In May 1999, a political agreement was eventually reached by the coalition partners on a draft proposal to set up a public-law body, and this was adopted at a plenary session of the Austrian Parliament in July 1999.

What is new?

One basic principle of the new Law is the further regulation of statistics. The tightening of the legal framework, which membership of the EU has brought primarily in the field of economic statistics, will continue at national level, as regulations will be required in future not just for primary statistical surveys but also for the collection procedures for secondary statistics.

The only exceptions will be for surveys in which participation is voluntary (eg microcensus special programmes). The new Law also repeatedly refers to 'Federal Statistical Bodies', thus allowing for the possibility of supplementing the central tasks carried out by 'Statistics Austria' by calling on Federal Law to entrust Federal statistical work to other institutions, which would also then fall under this Law.

Further innovations introduced by the new Law include:

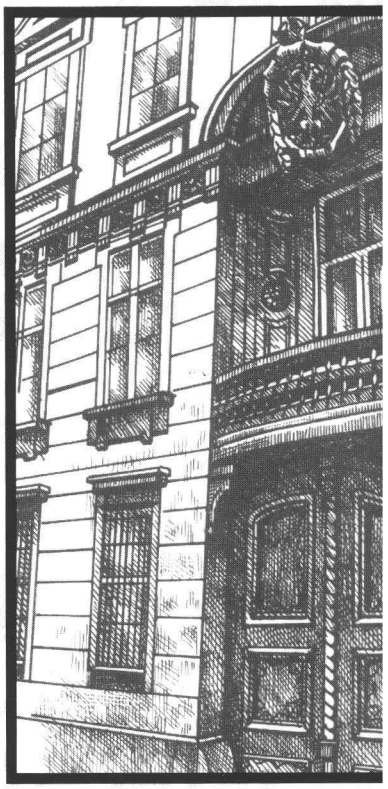
- Objectives and basic provisions aimed at bringing the Statistical Law up to current international standards;
- Relevant EU legal standards are to be considered as the yardstick for national statistics;
- Expansion of the law to include the field of secondary statistics;
- Procedures for keeping registers, obtaining data from registers, and for the uniform application of classifications;
- Sample surveys have basic priority over full surveys;
- Additional conditions for data protection purposes;
- Relieving the burden on information providers is now a guiding principle, eg by the electronic transmission of information;
- Increased obligations to publish data, above all on the Internet;
- More outsourcing of statistical surveys and other work and more opportunities for EU co-financing;
- Regulation of access by scientific circles to statistical data;
- Determining the territorial jurisdiction for administrative penal proceedings according to the concept of residence (as, recently, in the case of the ÖSTAT seat).

Finally, the Law contains rules on setting up the new Federal body, its constituent parts, working methods, financing, and transitional provisions (primarily for its staff). These rules account for over half of the new Law. The body has two directors, a statistical director and a commercial director, and there are two corresponding advisory bodies, a statistical council and an economic council. The National Commission on Statistics and its specialist advisory committees will be retained, but the National Commission will play a less important role and become more a representative 'plenary assembly' for the advisory councils.

What remains unchanged?

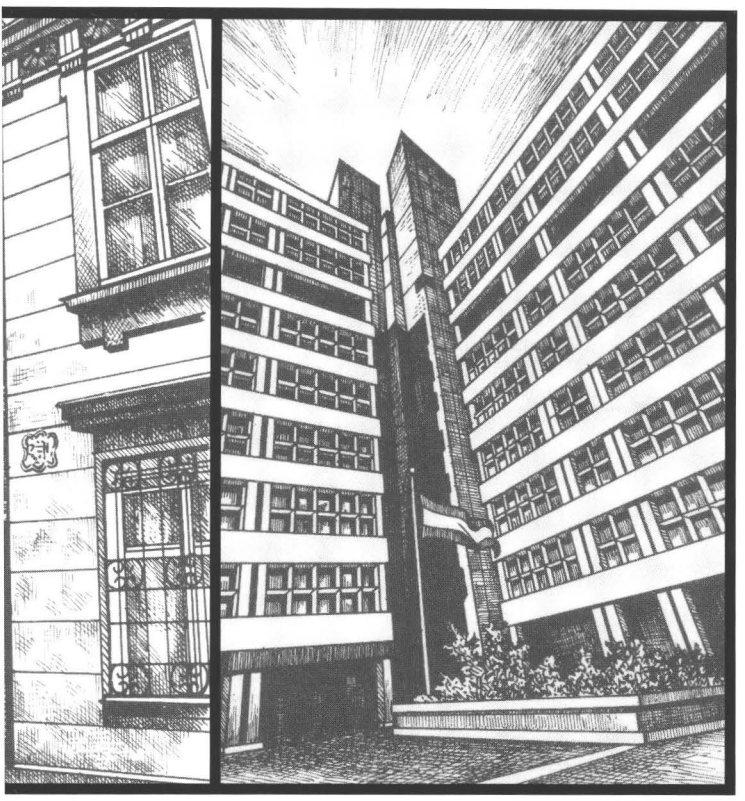
Some parts of the existing framework for carrying out statistical activities and surveys have remained unchanged. These are:

- The obligations to provide information and maintain confidentiality (these have been elevated to the status of professional secrets under § 310 of the Penal Code).
- The involvement of local authorities in Federal statistical surveys and their indemnification.



- The status of 'expert advice' as an expression of the overall statistical responsibility of the future body, reinforced by the explicit authority to issue instructions on methodological and statistical matters.
- The control of internal administrative statistics by the Federal Ministries.

One rule that applies to all Federal statistical bodies is that they abide by the principles of objectivity, reliability, relevance, cost-effectiveness and transparency derived from the EU Regulation on Community statistics. These principles are also enshrined in the national statistical law; on top of this, all statistics must be as consistent as possible in order to highlight the systematic nature of Federal statistics. In addition to these criteria, 'Statistics Austria' will be governed by other principles that aim to ensure that it remains impartial and that its methodologies and scientific standards are of the highest quality. It will be expected to keep its data as up-to-date as possible, minimise the burden on respondents and provide sufficient information for data providers and any other parties concerned.



ÖSTAT becomes 'Statistics Austria'

With the entry into force of the Statistical Law of 2000 on 1 January 2000, ÖSTAT therefore became a Federal body under public law, bearing the name 'Statistics Austria'. As the tasks carried out in the field of federal statistics are essentially in the public domain and are governed by legal provisions, a new legal status – which had only ever previously been used for Federal museums – was chosen for the planned new set-up. The name of the body conforms to the recent international shorthand for designating national statistical offices or institutes, and is also easily translatable into English *('Statistik Österreich'* = 'Statistics Austria'). The abbreviation 'ÖSTAT' (in analogy to 'Eurostat' and other national abbreviations) will remain in use.

Forty-one of the 74 paragraphs in the Statistical Law of 2000 refer to the establishment, the tasks and duties, the legal framework, the constituent parts, the working method of the federal body and the transfer of staff to the new legal entity. Its main provisions are:

- The body has legal personality and is financed by an annual lump sum from the Federal Government, which will be supplemented with start-up aid for the 2000-2002 period.
- The body is the central institute for Federal statistics and, in performing its tasks, is governed by specific principles of professional ethics and by certain publication obligations, such as the provision of the main results free of charge on the Internet.
- The rest of the body's work is carried out in return for payment or reimbursement.
- The body has a management structure made up of one statistical director and one commercial director, a statistical council for technical matters (comprising 15 members: 8 government representatives and 7 representing sectoral interests) and an economic council dealing with economic affairs (12 members: 8 from the government and 4 from works' councils). The two top managers are termed 'Directors-General'. The Law lays down a number of detailed regulations governing the responsibilities, composition and working methods of the above.
- The Federal Chancellor's Office is still the supervisory body for general matters, and specific operational issues are the responsibility of the Federal Minister concerned.
- A separate department within the body has been set up for ÖSTAT officials; contract staff will continue to be governed by the relevant Federal legal rules. New staff will be recruited according to the Salaried Staff Act and a collective agreement to be concluded by the body.

Smooth transition

In order to make the changeover to the new Law as smooth as possible, the Law contains a number of transitional provisions, whereby certain existing regulations will remain in force until the end of 2002, insofar as they have not already been suspended or adapted to the new Law. A number of secondary statistics, which had not previously been subject to regulations, can be carried out until the end of 2002 under the existing legal basis.

These provisions allow for a three-year period during which the entire regulatory structure will be overhauled in order to implement the Statistical Law of 2000.

Once the Law had been passed, the management posts were advertised and the members of the statistical and economic councils appointed. A provisional annual work programme and annual budget for the first financial year were drawn up by the Federal Chancellor in agreement with the Federal Minister of Finance.

Opportunities and obligations

The new Federal Statistical Law opens up a whole new range of possibilities for the future of Austrian statistics, and the realisation of these will partly depend on the composition and working methods of the bodies set up.

The additional management and control systems offer an opportunity for tighter leadership in both the economic and statistical fields; the statistical council seems to be more capable of playing an active part in the EU statistical system and dealing with cross-sectoral issues than the National Commission on Statistics, which had been designed to study questions of statistical principles. The legal form of the body will simplify matters, in that it allows for the accumulation of reserves and makes no provision for an establishment plan in the field of staffing policy.

On the other hand, this process of regulating all areas of national statistical law could impose a burden, particularly since all statistical regulations are to be overhauled and additional supervisory functions and reporting obligations have been introduced. It may also be some years before information providers feel the benefits of the new opportunities offered by the use of registers and the collection of administrative data. Moreover, sufficient funding for the body seems to be guaranteed only for the first three years.

For these reasons, a final verdict on the new Law will have to wait until this initial implementation phase has been completed. ■

Germany's Statistical Committee, an advisory body of users, respondents and producers of official statistics, made recommendations on how German statistics can get itself into shape. In this issue of *Sigma*, we summarise the Advisory Council's recommendations.

Getting German statistics into shape

The Statistical Council has recommended a number of measures to accommodate recent developments and the new economic and social environment, and to make German statistics responsive to the challenges of the future.

The recommendations are the result of a review of the Statistical Programme. Reviews of this type have been carried out on six occasions in the last 20 years, most recently in 1995-97. **Johann Hahlen**, President of the German Federal Statistical Office, points out, however, that previous reviews, unlike the present one, were aimed at making cutbacks, while plans for areas such as service statistics were kept on the back burner.

"The producers of official statistics have a fundamental interest in keeping their statistics up to date and having their hands free for urgent statistical needs as and when they arise. The Federal Statistical Office sees its job not only as providing the statistics required under law, but also as critically examining the need for and focus of those statistics and lobbying for change where appropriate", says **Hahlen**.

"Information crisis" in services

The Statistical Advisory Committee attaches particular urgency to the introduction of service statistics. Although the services sector is the engine for growth and employment, the Committee has identified some important subsectors (data processing and telecommunications, for example) where the available information is sparse. It suggests closing the information gap immediately by introducing service statistics.

It believes that structural change represents an opportunity for reducing the cost and workload of providing statistics as some traditional branches of the economy decline in importance. For example, there will be considerable scope for reducing iron and steel statistics once the Treaty establishing the European Coal and Steel Community (ECSC) comes to term in 2002.

In order to respond more fully to evolving information needs and social change, the Statistical Advisory Committee also recommends making new arrangements for energy statistics and adapting employment and earnings statistics to the changed employment environment.

The measures that the Committee has recommended are intended to reduce the statistical workload on enterprises and businesses and limit the cost of statistics. The Council suggests major reductions in five statistical areas, including surveys of enterprises in the mining and manufacturing industries, and discontinuing four sets of statistics altogether (eg statistics on building permits in the social housing sector and wood processing statistics).

Other recommendations involve a more rational organisation of statistical work and improvements to the general statistical environment. A key requirement is to make it easier for statistical offices to use administrative data by introducing a unified system of business reference numbers and the formulation of a general law on rights of access.

The Advisory Committee estimates that abolishing or rationalising statistical surveys will save the Federal Government 1.5 million DM.

Not a museum, and not a ruin

Hans Gabriel of the Federation of German Trade Unions (DGB) has welcomed the recommendations for the future of German statistics. He describes fossilisation in the statistical system as a "barrier to innovation", but warns against a "short-sighted cost-cutting exercise". "We want functioning, high-performance statistics, not a museum, and not a ruin", says Gabriel.

Botho Count Pückler, of the Federation of German Employers' Associations, confirms that the main aim of the operation is to exploit the genuine scope for rationalisation while avoiding harmful information losses and even damage to the entire system. "The future development of official statistics must not be allowed to degenerate into a permanent slimming-down exercise", warns Pückler. "Instead, what we need is a Statistical Programme which is responsive to the structural changes taking place in the economy and in society."

The Advisory Committee points out, however, that EU legislation is constantly reducing the scope for change in the German Statistical Programme. It believes that the German Government should "take a stand against the EU's exaggerated data requirements and try to ensure that the requirements of the various institutions are coordinated at European level, thus reducing the workload on the information providers."

Because the German statistical system is governed by legislation, it is now up to the Government to examine the Advisory Committee's recommendations and, where appropriate, introduce new laws to usher in a new era in German statistics. ■

As the German government and a retinue of journalists, political parties, Länder representations, lobbies and so on and so forth moved eastwards to Berlin, the branch office of the Federal Statistical Office moved in the opposite direction. Since July 1999, the Federal Statistical Office has had a branch office in Bonn.

SWIMMING against the tide

Berlin is booming. The metropolis of 3.4 million inhabitants, no longer simply the federal capital but also the seat of the German Government, is short of space. Bonn, on the other hand, which in around fifty years had become used to the hustle and bustle of government, now has vast amounts of spare capacity.

The decision was therefore taken, in contrast to the government's move to Berlin, to transfer some offices to Bonn. The Federal Statistical Office, which will henceforth be located in Bonn with its Berlin branch, the Düsseldorf office and a few divisions from Wiesbaden, was one of the first federal authorities to open offices there.

With around 560 employees by the end of the year, statistics on health, social affairs, environment, foreign trade and services will be processed in Bonn. The fields of microcensus and international cooperation are also moving to the new branch on the Rhine. However, agriculture, family budget surveys, time use surveys and construction activity statistics are expected to remain in Berlin until the end of 2000.

Once the establishment phase has been completed, there should be some 750 people in Bonn, three quarters of whom will be exchange staff. To avoid social hardship, employees of government offices moving to Berlin and those of federal authorities moving to Bonn were given the opportunity to exchange jobs.

Consequently, most of the staff in the Bonn branch is from the Ministry of the Interior (284) and from the Bundestag administration (222). Others worked in the offices of parliamentary parties, for members of parliament, or in the Federal Chancellery. Over 80 employees have moved to Bonn from the Berlin branch, around 60 have moved from the Wiesbaden headquarters and over 20 have come from the Düsseldorf office.

After shedding some 400 posts in recent years, the Federal Statistical Office now has just over 2,900 employees in Wiesbaden, Bonn and Berlin. Of these, around one-quarter are civil servants and three-quarters salaried employees or trainees.

To ensure the quality of statistics in the future, new employees in the Bonn branch will be prepared for their forthcoming work through an extensive training programme organised by the federal college of higher education for public administration in Brühl. Training will continue on the job.

The head of the Bonn branch is Dr Ulrich Hoffmann, head of division. ■

Berlin information office

On 1 September 1999, the Federal Statistical Office opened its own information office, known as the "i-Punkt". Together with the Eurostat Data Shop, which was established at the end of 1997 in Berlin, the information office will provide the German Bundestag, the Federal Ministries, foreign representations and above all associations, businesses, the press and ultimately also the citizens of Berlin with statistical data.

The addresses of the information office and the Data Shop are:

Address for deliveries:
Statistisches Bundesamt
Informationspunkt Berlin
Eurostat Data Shop
Otto-Braun-Str. 70-72
D-10178 Berlin

i-Punkt
Tel: 0049+30 2324-6434
Fax: 0049+30 2324-6440
E-Mail: i-punkt@statistik-bund.de

Data Shop
Tel: 0049+30 2324-6427
Fax: 0049+30 2324-6430
E-Mail: datashop@statistik-bund.de

Mail address:
Statistisches Bundesamt
Informationspunkt Berlin
Eurostat Data Shop
Postfach 276
D-10124 Berlin

The following statistical departments have or will move to Bonn:

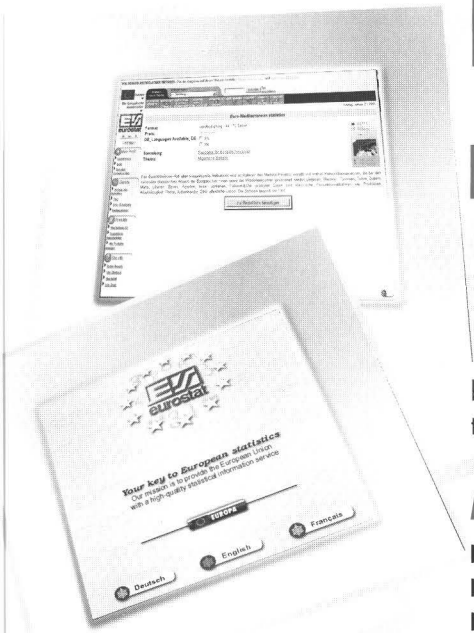
- *Health (including causes of death, hospitals, diagnoses, abortions, health monitoring),*
- *Social affairs (social welfare, care, severely handicapped, child welfare, housing allowance, etc.),*
- *Environment (water and waste management, air pollution, environmental economics),*
- *Foreign trade, foreign reports, coal and steel,*
- *Services, construction industry and land market,*
- *Agriculture and forestry, fisheries*
- *Microcensus, labour survey, households and families,*
- *Family budget surveys and time use surveys, social indicators,* and
- *International cooperation for statistical development in other countries.*

Address for deliveries:
Statistisches Bundesamt
Zweigstelle Bonn
Graurheindorfer Straße 198
D-53117 Bonn

Tel: 0049+1888 643-0
Fax: 0049+1888 643-8990/8991
E-Mail: poststelle@statistik-bund.de

Mail address:
Statistisches Bundesamt
Zweigstelle Bonn
Postfach 170377
D-53029 Bonn

THIRD generation Eurostat Web site



Eurostat presented its new Internet site in February. Since it first went on line in 1997, Eurostat has aimed to optimise the potential of the Internet as an information medium. The 200,000 strikes per month are proof that the Eurostat site has established itself as *the* source for harmonised and comparable statistics at EU- and euro-zone-level.

The new generation of the Eurostat site was designed to expand content, develop search and delivery services and improve presentation and ease of use, allowing the desired information to be accessed at a single click. The new home page presents an overview of what's new in EU statistics, positioning itself as a statistical news web site. New site features enable users to benefit from:

More content

- Daily updates on more than 300 euro indicators, available free of charge.
- All new releases published at noon following the release calendar.
- All Eurostat calls for tender.
- The latest developments in projects, new statistical seminars and background papers.
- Information on the full range of the most recent Eurostat publications and CD-ROMs.
- Detailed descriptions of all variables available in Eurostat databases (database information).

Easier access to information

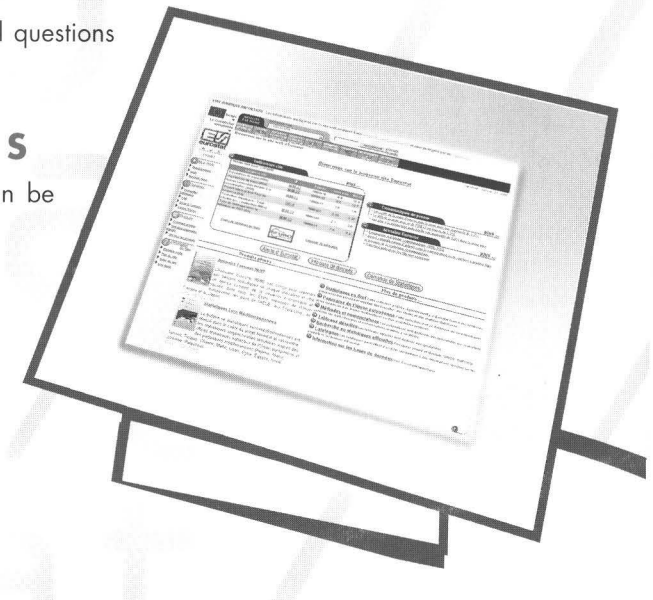
- New navigation features.
- Information can be viewed by statistical theme and/or collection.
- Search engines have been introduced for simple and advanced queries.
- A selection of the main Eurostat products is provided for each statistical theme.

On-line information service

- Eurostat Alert: On free subscription, an alert will be submitted that informs and/or delivers updates of new products including news releases, publications, database information and calls for tender.
- Ask for statistics: Statistical requests can be sent directly to a Data Shop statistical expert and will be treated within 24 hours.
- Media centre: Journalists are given the opportunity to ask statistical questions and have access to specific information.

On-line shopping facilities

- Publications and CD-ROMs presented on the Eurostat web site can be ordered on-line for an easy and fast product delivery.



Eurostat on the Internet – with a new address
http://europa.eu.int/comm/eurostat/

Politics and statistics in the EU CHALLENGES AND RESPONSES

The conference, held by the German Federal Statistical Office and Eurostat in Berlin in October, aimed to bring together representatives from the fields of politics, business and statistics to examine the future challenges facing statistics. Was it the attraction of the venue or its central position in Europe that led some 200 individuals, including representatives from Central Europe, to accept the invitation and attend the conference in the Berlin House of Representatives on Potsdamer Platz, Europe's biggest building site? **JOACHIM RECKTENWALD** and **JÖRG-DIETER GLATZEL** from Eurostat participated in the conference.

Four themes were addressed. For each of them, political and business representatives first outlined the challenges facing official statistical services before a representative from an official statistical service attempted to respond.

Critical comments from the outset

The first theme, ***Challenges posed by the information society***, already drew critical comments on the role of official statistical services. **Professor Spinner** from the University of Karlsruhe sought to describe the role played by official statistics in the body of social knowledge. In his view, the aim of official statistical services is to create a better-informed society.

With regard to the actual role played by statistics in the development of informed political opinion and political action itself, Professor Spinner felt that statistics probably only played a limited role. Statistics were often only used to corroborate the preconceived opinions of politicians and to justify political action after the event. In extreme cases, he said, statistical services were left to their own devices as they did not bother anyone.

These statements, which could not be left unchallenged, were refuted later during the conference.

In contrast to Professor Spinner's scientific and theoretical approach, **Svante Öberg**, Director-General of the Swedish Statistical Office, focused on the practical effects of information technology on the production of official statistics in Sweden. As studies have shown, the use of modern technology makes it possible to reduce by 85% the cost of relaying information between companies and data gathering offices. He announced that Sweden also intended to concentrate on the Internet in the future to disseminate statistical information. All official statistics will in future be published on the Office's Internet website and be made available free of charge to all users.

Statistics and conflicting objectives

In his talk on ***Regional and structural policy***, **Jörg Bickenbach**, state secretary of the North Rhine-Westphalian Ministry of Economic Affairs, SMEs, Technology and Transport, stressed that the range of statistical indicators available and the way they were used determined the scope of political action at regional level. Statistical indicators were, for instance, important criteria when it came to selecting priority areas for the economic development at regional level.

Although Mr Bickenbach considered statistical information to be indispensable, he also pointed out that considerable problems remained in gathering statistics due to the conflicting objectives of ensuring data reliability, observing economic restraints and cutting down on bureaucracy. The scope and depth of statistical records had to be continually reviewed. In this regard, the statistical system should be adapted in keeping with the structural changes within the economy, so that the observed parameters suitably reflected changing conditions. Bickenbach cited the growing service sector as an example of structural change in North Rhine-Westphalia and concluded that, in view of the great advantages of having reliable statistics on the service sector, the efforts involved and extra burden on the economy seemed justifiable.

Dr Jim Higgins, from the Irish Department of Finance, focused on the changing priorities of regional policy and hence also on the changing demands on statistical services. He felt that with regard to regional policy in the EMU Member States, the introduction of Economic and Monetary Union meant that almost all the instruments available for employment promotion were now supply-oriented, although the rules on competition restricted the Member States' ability to act independently. He highlighted three categories of statistical instruments in the field of regional policy:

- Statistical indicators providing information on the economic and social status of the regions and the degree of regional convergence.

- Statistical data measuring the implementation of the most important policy instruments at regional level (eg existing economic infrastructure, human resources).

- Statistical data which could be used to measure the efficiency of regional policy instruments.

Professor Pilar Martin Guzman, Director-General of the Spanish Statistical Office (INE), argued that the key challenge was to produce reliable and up-to-date regional statistics. The sample sizes and the survey design would have to be suitably adapted. She hoped that official statistical services would make greater efforts to conduct small-area estimates and proposed that a Leadership Group (LEG) be set up.

Better use of available data

In the opening talk on the third theme, ***Social and labour market policy***, **Bill Wells** from the Department for Education and Employment in the United Kingdom, argued that concentrating on a single measure such as the number of unemployed or the unemployment rate did not address the complex interactions of the labour market adequately.

In the United Kingdom, the decision had been made to attach considerably more weight to measuring employment than to measuring unemployment. Statistics on employment and on working hours were therefore now being published separately without combined data on so-called full-time equivalents, about which he was very sceptical. Although this approach made the presentation of labour market developments more complex, it improved the transparency of the information. Wells recommended that Eurostat adopt this approach, as it did not place any extra obligations on the Member States to provide statistics; the existing information would merely be compiled in a different way. Wells also argued that new requests for data from the Member States should be minimised, and that the greatest possible amount of information should be gleaned from the statistics already submitted to Eurostat.

The European Commission's representative, **Armindo Silva**, head of unit in the Commission's Directorate-General for Employment and Social Affairs, began by describing the progress made in observing and evaluating labour market developments. The European Commission used six central indicators on employment and unemployment to analyse the overall development of the labour market in the Member States. However, shortcomings in the data should not be overlooked. It was, for instance, difficult to provide a comparable measure of employment because of the different methodological approaches, sampling methods and reference periods used by the Member States.

Silva felt that data produced on the basis of joint definitions and progressive harmonisation could be more easily compared than those obtained by evaluating national registers. Even if these data were evaluated in the best possible way, they reflected the profound differences between the various administrative structures.

Another drawback was the lack of longitudinal information which could provide information on labour market dynamics (such as individuals entering and leaving working life). Stock data alone were not sufficient to make it possible to pursue an effective forward-looking labour market policy.

Considerable efforts were still required in order to obtain statistics on labour costs. All these efforts had to be seen in relation to the development of a European reporting system on employment.

Taking five issues from the field of labour market and social policy as examples, **Jan Plovsing**, Director-General of the Danish Statistical Office, showed how statistics could provide answers to policy issues through the clever use of available data. However, he also stressed that sufficient funding for official statistical services was a basic requirement for the provision of the necessary statistical data.

Fostering harmonisation

Caio Koch-Weser, state secretary at the German Federal Ministry of Finance, gave the opening talk on the fourth and last theme, ***Economic and Monetary Union***. Koch-Weser argued that statistics fulfilled an essential role by presenting a mirror to those responsible for economic policy. Quality, topicality, continuity and comparability were the tests statistics had to be measured against.

Economic and Monetary Union was presenting EU statisticians with new challenges with regard to the reliability of data and the speed with which they could be provided. In view of Monetary Union, it was particularly urgent that European statistics on earnings and labour costs be expanded. In principle, however, it should be stressed that, whenever politicians assigned new tasks to statistical services, they should also provide the necessary resources.

Professor Norbert Walter, chief economist of the Deutsche Bank Group, felt that politicians and statistical services needed each other. Politicians were reliant on good quality statistics which, in turn, required the knowledge and the necessary funding which politicians could provide. With regard to the statistical cooperation which had inevitably resulted from the introduction of the single market and the completion of Economic and Monetary Union, Professor Walter noted some positive developments – such as the progress made in adjusting the calculation of GDP in keeping with ESA 95 and the drawing-up of monetary aggregates by the ECB – but he also pointed out that much remained to be done and that some general problems still existed. They include:

- the lack of statistical variables (serious lack of information), including meaningful financial accounts based on a separate statistical record of private households as well as statistics on 'Euroland' borrowers, a lack of data on orders received in connection with short-term economic surveys and a lack of statistics on the services sector;
- the lack of coordination of European statistical records both in terms of their content and as regards the period they covered. When it comes to official Community statistics, harmonisation should take priority over national continuity. However, steps should be taken to ensure that high-quality statistical time series at national level were not suspended before a comparable standard was achieved at European level. Above all, Professor Walter urged that European statistics should on no account be harmonised by adding together, even partially, the various national characteristics.

Professor Walter concluded by comparing official Community statistics with statistical reporting in the United States. Although he believed that it could be improved, he regarded the US method as an example to be followed by Europe. It remained for the ECB, Eurostat, the European Commission, national governments and business to achieve this objective. The scientific community should take concerted action to support these efforts.

Paul Champsaur, Director-General of the French National Institute of Statistics and Economic Studies (INSEE), began by asking which Community statistics were required for macroeconomic policy. First of all, he said, these included the usual indicators such as company data, wages, inflation and quarterly national accounts. However, these indicators had to fulfil certain requirements: they had to cover sufficiently long time series, they had to make it possible to interpret cyclical trends, and they should be available at short notice.

Champsaur also pointed out the problem of aggregates for euro indicators. As long as these were not adequately harmonised, they should be sufficiently comparable in terms of content, with regard to their characteristics as short-term indicators, so that they could be aggregated. A second requirement was that the indicators obtained this way should not contradict the national indicators.

Although Champsaur agreed with Professor Walter's comment that priority should be given to harmonisation, he expected that this would be a long-term process. In the meantime it was necessary to adopt a pragmatic approach whereby national statistics should be aggregated provided that they were sufficiently comparable. Finally, he called for new or improved statistics particularly concerning the balance of payments, so that the 'Euroland' GDP could be calculated more accurately. He was also critical of the estimation methods used by Eurostat to conduct an extrapolation on the basis of 60% of the aggregate to be estimated.

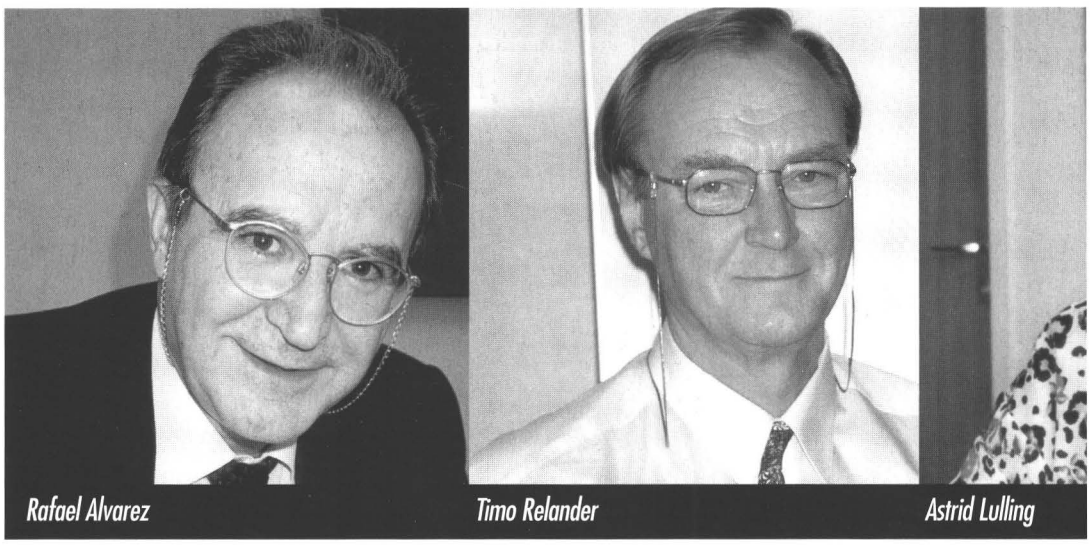
With regard to the general situation of the European Statistical System, he noted that the current situation was not very satisfactory owing to the lack of dialogue between the main users and the statisticians.

Bringing the conference to a close, **Yves Franchet**, Director-General of Eurostat, stressed that the conference had clearly highlighted the challenges faced by official statistical services. Of course, it was not yet apparent how all these challenges should be met. But the way ahead was clear: the aim was to create a body of statistical knowledge for Europe. In order to achieve this, courage and determination were required on the part of statistical experts. Above all, the statistical community should make every effort to prove its usefulness to the public. ■

Statistical Issues

By Dianna Rienstra, journalist, and Christine

The challenges posed by European Monetary Union (EMU) to the collection and dissemination of 'Euroland' statistics were at the heart of a one-day conference held in Brussels in November last year. It was organised by Forum Europe with the support of Eurostat and ISTAT, the Italian national statistical office.



Rafael Alvarez *Timo Relander* *Astrid Lulling*

A lively, refreshingly frank debate amounted to a 'report card' on Eurostat itself and the functioning of the European Statistical System (ESS) as a whole.

The session was introduced by **Yves Franchet**, Director-General of Eurostat. He explained how the euro had profoundly changed the profile of Community statistics in relation to those of national statistics. In the past, the latter were in the 'front-line', while Community statistics were considered secondary sources of information. The euro reversed this situation. For financial market players and many decision-makers, euro-zone statistics moved to the foreground, leaving national statistics in the background. Looking back over the past three years, Franchet noted that the process had gone "relatively smoothly" despite this radical change.

An acid test

Participants generally agreed that the European Statistical System (ESS) had survived the initial 'acid test' of relevance, timeliness, comparability and credibility. However, in light of various shortcomings, they also underlined the importance of strengthening the system as a whole.

Peter Bull, Director of Statistics of the European Central Bank, reminded participants that there had been enough reliable statistical information to successfully launch the single currency and that "nothing is more important to the conduct of monetary policy than good statistics."

It was – and remains – critical that statistics be credible but, according to **Graham Bishop**, the European Advisor for Salomon Smith Barney, a lot of work remains to be done in this area. He said the global scale of the newly created capital market needed a statistical background that provided thorough analyses. Although EMU had created a single capital market that is much more of a single market than we will see in goods or labour for years, he explained that reliable and timely national statistics need to be kept as country-by-country changes are important to analyse distortions.

At the same time, because of Eurostat's position in the EU institutional framework, a lot of effort is needed to reinforce its credibility as an independent organisation. Increased transparency will go a long way towards furthering this aim. According to **Simon Briscoe**, Statistics Editor of the *Financial Times*, as the guardian of Community statistics, Eurostat should strive to become the "honest broker".

Euro-zone statistics have moved to the front-line, leaving national statistics in second place. However, at the same time, Eurostat, is dependent upon national authorities to produce reliable, timely Community statistics, as it remains more of a compiler than a producer.

To this end, a consensus emerged that European Monetary Union had made it expedient for Eurostat and the national statistical institutes, on the one hand, and the European Central Bank and the national central banks, on the other, to better coordinate their function as producers and/or compilers of statistics in the context of the current legal framework.

Room for improvement

Users of statistics pointed out that timeliness is still an area where Eurostat falls short, particularly compared to the United States and Japan. As a result, journalists and financial analysts still rely to a great extent on statistics released by France, Germany and the Organisation for Economic Cooperation and Development, OECD.

Franchet highlighted the difficulties Eurostat faces using the production of labour market data as an example. Five Member States were "holding out" for a five-year moratorium on reporting. Meanwhile, enterprises, financial analysts and other users were clamoring for this invaluable information.

"The principle of subsidiarity must be upheld and national administrative cultures respected", **Timo Relander** asserted. The Director-General of Statistics Finland agreed that ways of producing statistics vary significantly from country to country and pointed to the great differences

raised by EMU

Kormann, Eurostat

Enrico Giovannini Lidia Barreiros Peter Bull

in the extent administrative records are being used in the compilation of statistics. However, the comparability of results should be ensured by analysing the effects of different methods.

A lobby for statistics?

Several participants pointed out that securing adequate resources for statistics is no easy task. Although MEP **Astrid Lulling** made a commitment to pressure her colleagues to ensure Eurostat has the resources it needs to continue its work, Franchet asked the question who, in an era of budget cuts, "is going to lobby for statistics?"

According to Franchet, the ESS had developed into a strong business network where the "client is king" and whose mission it is to provide the EU with a high quality statistical information service in which the principles of subsidiarity, cost efficiency and quality management are scrupulously applied.

To this end, success largely depends on strengthening the partnership with every member of the ESS – the national statistical institutes of the euro-11 as well as those from the countries expected to join EMU and the EU in future.

Rafael Álvarez, President of the Committee of Monetary, Financial and Balance of Payments Statistics (CMFB), pointed out that the creation of European Monetary Union (EMU) was not a threat to Eurostat, but "rather a real challenge or opportunity to upgrade its stature and the quality of public service that is its very essence."

"Despite the legal basis for Community statistics, there are still several weaknesses in the functioning of the system", said **Lidia Barreiros**, Member of the Board of Directors of the Instituto Nacional De Estatistica, Portugal, especially the fact that Eurostat is part of the European Commission and its perceived status within the Commission. "We need Eurostat to function as an independent agency with a legal personality," she said.

More flexibility

Several speakers agreed that Eurostat needs to improve its recruitment procedures to gain more flexibility. Some proposals were made: there should be competitions for statisticians and reserve lists, top and medium level staff should be recruited from national statistical institutes, thereby creating a team of European statisticians who could move around within a strengthened system without changing their employment contracts, regardless of the authority/institution in which they work.

In the meantime, advised **Enrico Giovannini**, Director of Economic Statistics and Enterprise at the National Statistical Institute of Italy, the ESS should simulate the existence of a system similar to the one created for national central banks, the European System of Central Banks. In this way, cooperation could be changed into integration, and understanding into the sharing of ideas, regardless of domestic bias.

Moderator **Henning Christopherson**, former Vice-President of the European Commission then responsible for Economic and Monetary Policy, observed that speakers had thoughtfully outlined the qualities needed for a truly independent European Statistical Authority. Although Eurostat had not yet reached this point, the foundation stones had been laid.

"This will take some time," he told participants. "We have to plan for the medium to long term. There is work to be done to improve the functioning of the existing system, but the advice given today dealing with quality, transparency and the need for innovation is a very good start."

A more detailed report on the outcome of the conference is available on the Internet: http://europa.eu.int/comm/eurostat/ ■

A Memorandum of understanding on data exchange of key indicators was signed on 10 December in Luxembourg by State Committee of Statistics of the Ukraine and Eurostat. On this occasion **STEFFEN SCHNEIDER** and **CLAUDIA JUNKER** of Eurostat asked **OLEXANDER G OSAULENKO**, Committee Chairman since July 1997, how he sees cooperation between Eurostat and his country. A statement by the Ukraine's chief statistician...

"Eurostat is a Benchmark"

"We are very happy about our relationship with Eurostat. What we appreciate most is the level of efficiency we have reached.

"Cooperation began in 1993 within the Tacis programme (Technical Assistance to CIS countries) and we are about to launch the third programme on statistical cooperation. Our main objective is to get support for the reform of our national statistical system in order to bring it in line with the requirements of a democratic and market oriented society. The memorandum we have just signed, reflects this perfectly and will enable us to better meet the needs of our customers domestically and abroad."

The political framework was established in a general agreement between the EU and the Ukraine. It was signed in June 1994 and came into force in March 1998. This agreement sets the general rules for cooperation with the Ukraine. Osaulenko: "The Agreement has proved a reliable basis for cooperation, above all due to the specific article on statistics. It gives statistics a very high political priority but statistics will also have to serve other policy areas mentioned in the Agreement. We now have to put the Agreement into practice."

What role does Eurostat play in Ukrainian international cooperation?

Olexander Osaulenko and Eurostat Director-General, Yves Franchet signing the memorandum of understanding in Luxembourg

"Eurostat is our main partner and a benchmark for our work. Our national programme on the reform of statistics is based on the objectives of the European Statistical System and the structure of Eurostat's five-year statistical programme. Cooperation with other partners like OECD, ILO and others follows this philosophy. Our new project with the World Bank in the context of our reform, for instance, would be unthinkable without coordination with the Tacis programme led by Eurostat."

Centralised coordination

What is the statistical system of the Ukraine like?

"Our statistical system is highly centralised. Major responsibility for Ukrainian statistics is being assumed by our Committee. Furthermore, there are 27 regional ('*oblast*') offices and 673 local ('*rayon*') agencies as well as a Statistical Research Institute, an Institute for Staff Training and a Computer centre which all together form the unified system of government statistical bodies of the Ukraine. Official bodies like the National Bank, the Ministry of Finance, Customs and some other Ministries also produce statistical data on relevant topics while the SSC is responsible for overall coordination of statistical activities in the country."

What about your legal basis?

"Fortunately, we can rely on a fairly firm legal basis. A national law on state statistics was adopted in 1992 already. It contains the main provisions for the independence of statistics, the reorganisation of the statistical system, the responsibility of the Committee for the statistical system as a whole and confidentiality of statistical data. Against the background of changes in economy and society of the Ukraine, we are now working on a revision of the law. Another important upcoming law is the one on administrative rules for companies regarding statistics."

What about your system of programming of statistical activities?

"Our current activities are based on the second five-year programme on the reform of statistics. It aims at adjusting the Ukrainian statistical system to international standards and at integrating it gradually into the European system. The programme covers the period from 1998-2002. It was developed in close cooperation with all interested ministries and other state institutions, and adopted by the Cabinet of Ministers. Annual plans of statistical activities are developed based upon the five-year programme and are also adopted by the Cabinet of Ministers of the Ukraine.

The SSC also reports annually on its achievements. A great number of seminars and round tables on urgent statistical issues are held. Moreover, a national conference on statistical issues is organised every year and leading statisticians, including representatives from the regions, take part in it. The Conference gathers producers, users of statistical data and scientists and offers them the opportunity to discuss ways to further improve statistics." ■

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