



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 24.06.1997
COM(97) 313 final

97/0171 (CNS)

Proposal for a
COUNCIL REGULATION (EC)
concerning Short-Term Statistics

(presented by the Commission)

EXPLANATORY MEMORANDUM

Part One (justification as regards subsidiarity and proportionality):

- a) What are the objectives of the proposed measures, and how do they relate to the Community's obligations?

The general purpose of the Regulation is to require Member States to provide Eurostat with comparable statistical data relating to the short-term evolution of the European business Community. Statistical information on businesses is required for the follow-up of the internal market and the development and appraisal of many policies, particularly in the following fields: monetary, economic, social, industrial and enterprise policies. The short-term indicators proposed in this Regulation provide a picture of the economy which is more up-to-date than can be acquired from annual statistics and are also an important reference for the compilation of quarterly accounts. This is particularly necessary at a time when the European Union is starting work on the transition towards the single currency.

- b) Is the measure an area where the Community has sole jurisdiction or where it shares jurisdiction with the Member States?

The Member States are responsible for the collection of the data, not the Commission. The Regulation lays down the norms, standards and definitions necessary for producing comparable statistics within the European Union, without detailing the actual collection methods to be used. As such each Member State may conduct the data collection exercises in the manner most appropriate to its own situation, for example to take account of general administrative records such as social security and VAT declarations as well as more narrow records concerning wage agreements, tariffs for utilities or building permit applications.

- c) What is the scale of the problem at the Community level?

All member States currently collect some information on the business cycle. The Regulation will entail the collection of some additional data for most Member States and certain changes to the definitions and norms for all Member States.

- d) What would be the most effective solution among those available to the Community and the Member States?

It is only by way of such a Community initiative that the aim of using common classifications, definitions and methods for adjusting data for seasonal effects can be achieved.

- e) What practical gains does the proposed measure offer and what would be the cost of failure to take action?

The recent developments in Community monetary, economic and social integration require information to support the development and appraisal of initiatives and decisions. The development and appraisal of these initiatives and decisions needs to be based on more reliable, exhaustive, up-to-date and comparable statistics. A failure to implement this Regulation would imply that the drafting, monitoring, control and evaluation of Community policies in the fields of monetary, economic, social, industrial and enterprise policies would continue to be based to a large extent on incomplete, non-standard statistics.

- f) What options are available to the Community?

The choice of a Regulation is the most appropriate instrument given that the proposal includes the delegation of implementing powers to the Commission according to the Comitology procedure.

In addition, it should be noted that the system for the collection of statistics will be based to a large extent on existing statistical systems. These systems will only very slowly move towards common norms without Community legislation. The use of a Council regulation ensures the direct application of this act in the Member States which is an important factor given the urgent need for information.

- g) Are uniform rules needed, or is the adoption of a Regulation setting out the general objectives and leaving implementation to the Member States sufficient?

This Council Regulation will set out the minimum number of standards to ensure the availability of comparable short-term indicators within the European Union. The Member States will remain responsible for the design and operation of their data collection systems.

Part Two

General Statement

1. The general purpose of the Regulation is to require Member States to provide Eurostat with comparable statistical data relating to the short-term evolution of the European business Community. It should be noted that it is the Member States who are responsible for the collection of the data, not the Commission. The Regulation lays down the norms, standards and definitions necessary for producing comparable statistics within the European Union, without detailing the actual collection methods to be used. As such each Member State may conduct the data collection exercises in the manner most appropriate to its own situation, for example to take account of national requirements for social security and VAT declarations.

User needs

2. The statistical services of the Member States, co-ordinated by Eurostat, have a significant role to play in meeting the European Union's need for information on the business Community. The recent developments in Community monetary, economic and social integration require information to support the development and appraisal of initiatives and decisions. The development and appraisal of these initiatives and decisions needs to be based on more reliable, exhaustive, up-to-date and comparable statistics. Statistical information on businesses is required for the follow-up of the internal market and the development and appraisal of many policies, particularly in the following fields: monetary, economic, social, industrial and enterprise policies. In addition, businesses themselves need information on the business cycle and its impact in their sector in national and international markets.
3. The short-term indicators proposed in this Regulation provide a picture of the economy which is more up-to-date than can be acquired from annual statistics and are also an important reference for the compilation of quarterly accounts.

Existing situation

4. For many years harmonised Community short-term indicators have only been available for a limited part of the business community, namely the traditional industrial sectors of energy and water supply and the extractive, manufacturing and construction industries. The sectoral coverage within manufacturing is about 80% and construction indicators are produced by about two-thirds of the Member States. The coverage of service sectors in the Member States has been very limited. The indicators that do exist in services are compiled in an unharmonised format which has severely limited the comparability of the resulting information at a Community level.

5. The statistical information that has been available for the industrial sectors since the two Council Directives covering this area were adopted (in 1972 and 1978) has become progressively less useful as the inflexibility of the legal instruments has not permitted economic and technical developments to be taken into account during the intervening years.

Aims of the new legal instrument

6. Provide a common framework for the collection, transmission and development of short-term indicators in order to produce data comparable between the different Member States to support the need for statistical information of the Commission, Member States, enterprises and other users.
7. Continue to strengthen the development of the Community statistical system, incorporating into the production of short-term indicators the recently developed Community statistical tools such as the new classification of activities (NACE Rev.1 - Council Regulation 761/93 of 24.3.1993), the definition of statistical units (Council Regulation 696/93 of 15.3.1993) and the drawing up of business registers (Council Regulation 2186/93 of 22.7.1993) as well as the transmission of confidential data (Council Regulation 1588/90 of 11.6.1990).
8. Provide flexibility to allow minor changes notably to the list of indicators to be collected in the future (use of Council Decision 87/373 of 13.7.1987 on 'Comitology').
9. Provide the framework for testing new methodology to study new concepts or the compilation of results for new indicators or industrial sectors.

Consultation of interested parties

10. The European Monetary Institute has been consulted on the needs of a future European Central Bank for short-term indicators. The following list summarises these needs and indicates where the Commission's proposal does not meet their needs.
 - Monthly production indicators are regarded as essential with some activity breakdown and a delay of 6-8 weeks. Information on turnover is relatively less important.
 - Manufacturing orders information, broken down into domestic and foreign orders is regarded as essential. Quantitative information is more important than qualitative data from opinion surveys. Orders in construction are important. Monthly orders information is needed with a maximum delay of 2 months. The residential/non-residential breakdown in construction is regarded as important for business cycle analysis. A further breakdown that is not proposed in the draft Regulation but is requested by the EMI is between orders from MUMS (Monetary Union Member States) and non-MUMS.

- Monthly information on stocks is seen as an important supplementary statistic. At present this is only foreseen as a pilot study.
- Producer prices are essential with some activity breakdown regarded as important and they are all required within 1 month for manufacturing and 2 months for construction.
- Employment and hours worked are important in manufacturing and services. These indicators should be available within 3 months. The EMI would like these social indicators to be collected every quarter. The draft Regulation does not foresee the collection of information on the number of hours worked in the services sectors. In addition, an indicator of hours worked at overtime rates is regarded by the EMI as an important supplementary statistic but is not proposed in the draft Regulation.
- For the construction sector, the EMI, regards additional indicators of building permits, housing starts and completions as important. These need to be available within 1-2 months. Information on housing starts and completions is not required by the draft Regulation.
- A monthly indicator of retail sales is regarded as essential and needs to be available within 1-2 months. The draft Regulation proposes that this information should be provided within 3 months.

At a more general level, the EMI has called for shorter transition periods than proposed by the Commission in order to ensure the availability of comparable statistics by the start of the single monetary policy. Further breakdowns between MUMS and non-MUMS are called for, in particular for new orders. The pilot studies in the other service areas are strongly supported and a need for more comprehensive, frequent and timely information in branches with short-term fluctuations has been expressed.

11. The services of the Commission have been consulted on their needs on a regular basis. A written consultation was made of all services of the Commission on a recent draft. There was support for the draft from all of the Directorate Generals that replied. However, six Directorate Generals wanted the Regulation to ask for more detail on very specific matters. The following points can be noted.
- More indicators: Value added in all sectors. Breakdown between residential and non-residential production indexes in Construction. Breakdown of non-residential building permits in Construction. Hours worked in retail trade. Number of retailers in the fish retail sector. Indexes of turnover and number of employees in services.
 - Greater level of NACE breakdown: 3-digit level in services and 4-digit level concerning some transport activities.
 - Indicators on SMEs: For enterprise policy a breakdown by size class is necessary in order to separate business cycles of SMEs from large enterprises.
 - Frequency: Information on employment should be monthly.

12. Representatives of the business community at the European level were presented with several drafts of the text.

14/10/1994: Meeting with approximately 40 representatives of industrial and service sectors and chambers of commerce. The participants requested a better co-ordination between quantitative and qualitative indicators.

10/3/1995: Progress report on developments since the previous meeting. Distribution of the text. 60 participants.

15/11/1995: Progress report on developments since the previous meeting. Distribution of the text. 50 participants.

21/5/1996: Progress report on developments since the previous meeting. Distribution of the text. 36 participants.

30/9/1996: Progress report on developments since the previous meeting. Distribution of the text. 50 participants.

As a result of the meeting on 15/11/95 a postal survey was made of the participants to investigate in detail their needs for short-term indicators and their views on the text.

- Indicators: The index of production, turnover, new orders and the stock of orders and the number of employees are the most important indicators. Wages and salaries and the volume of work were not regarded as essential. In addition, the trade associations would like to see extra indicators concerning capacity utilisation and the breakdown of turnover and production prices between intra-EU and extra-EU.
- Delays: Acceptable.
- Level of detail: The 2-digit level is insufficient. The trade associations would like 3 and 4-digit level data.
- Pilot studies: Supported the development of indicators on investment.
- Burden: the burden needs to be minimised and administrative sources used as much as possible.

13. The National statistical offices who are responsible for data collection have been consulted on many occasions during the preparation of this text. A very close dialogue has been undertaken during the drafting of the methodological manuals which will support this legislation on a technical level. A dozen task force meetings were held with Member States to look at particular sectors and particular indicators. In addition there have been a number of working party meetings with all Member States since 1992. The text has been presented to the Statistical Programme Committee. There is support for

the draft text from 10 countries. The Member States who objected to the text did so principally on the following grounds:

France, the Netherlands and the United Kingdom: Would like a more complete services module, not just pilot studies. It should be noted that the agreement to the draft by the German statistical office was conditional on the inclusion of services only as pilot studies and not as compulsory data collection,

Spain and Ireland: Oppose new orders indicator as they do not currently collect this information and do not want to introduce it,

Denmark: Against output prices for export market as they do not currently collect this information and do not want to introduce it.

COUNCIL REGULATION (EC)

of ** **

concerning Short-Term Statistics

The Council of the European Union,

Having regard to the Treaty establishing the European Community, and in particular Article 213 thereof,

Having regard to the draft Regulation submitted by the Commission,¹⁾

Having regard to the opinion of the European Parliament,²⁾

Having regard to the opinion of the economic and social committee,³⁾

Having regard to the opinion of the European Monetary Institute,⁴⁾

- (1) Whereas the Council Directive No. 72/211 (EEC) of 30 May 1972⁵⁾ and Council Directive No. 78/166 (EEC) of 13 February 1978⁶⁾ which aimed to provide a body of coherent statistics, have not been able to take account of economic and technical changes;
- (2) Whereas the European Union has in the meantime made further progress towards integration; whereas new economic, competition, social, environmental and enterprise policies and guide-lines call for initiatives and decisions based on valid statistics; whereas the information provided for under existing Community legislation or available in the various Member States is partly inadequate or insufficiently comparable to serve as a reliable basis for the work of the Communities;
- (3) Whereas the future European Central Bank (ECB) needs rapid short term statistics in order to assess the economic development in the Member States in the context of a single European monetary policy;
- (4) Whereas standardisation is required to meet Community needs for information concerning economic convergence;
- (5) Whereas it is necessary to have reliable and rapid statistics available in order to report on the economic development in each Member State of the Union in the framework of the economic policy of the Union;

1) Official Journal * ** of **.**.****, p. *.

2) Official Journal * ** of **.**.****, p. *.

3) Official Journal * ** of **.**.****, p. *.

4) Official Journal * ** of **.**.****, p. *.

5) Official Journal L 128 of 3.06.1972, p. 28.

6) Official Journal L 52 of 23.02.1978, p. 17.

- (6) Whereas businesses and their professional associations need such information in order to understand their markets and to know their activity and performance relative to their sector, at national and international level;
- (7) Whereas in its Decision 93/464 of 22 July 1993 ⁷⁾ the Council adopted a framework programme for priority actions in the field of statistical information for 1993 to 1997;
- (8) Whereas the compilation of national accounts according to Council Regulation No. 223/96 of 26 June 1996⁸⁾ concerning the European System of National and Regional Accounts in the European Community (ESA95) requires the development of comparable, complete and reliable statistical sources;
- (9) Whereas in Decision 92/326/EEC of 18 June 1992 ⁹⁾ the Council adopted a two-year program (1992 to 1993) for the development of European statistics on services; whereas this program includes the compilation of harmonised statistics at national and regional levels, particularly for the distributive trades;
- (10) Whereas in accordance with the principle of subsidiarity the creation of common statistical norms that permit the production of harmonised statistics is an action which can only be undertaken efficiently at Community level and that they will be applied in each Member State under the authority of the bodies and institutions in charge of compiling official statistics;
- (11) Whereas the best method of ascertaining the business cycle consists of compiling statistics which conform to common methodological principles and with common definitions of characteristics; whereas it is only from co-ordinated compilation that harmonised statistics can be drawn up with reliability, speed, flexibility and the level of detail required to meet the needs of the Commission and of enterprises;
- (12) Whereas the statistical data compiled within the Community system must be of a satisfactory quality and this quality, as well as the burden it entails, must be comparable from one Member State to another, and whereas it is therefore necessary to establish jointly the criteria enabling these requirements to be met; Whereas short-term statistics must be consistent with the results transmitted in accordance with Council Regulation No. 58/97 of 20 December 1996¹⁰⁾ concerning structural business statistics;
- (13) Whereas it is necessary to simplify the administrative procedures for enterprises, particularly smaller enterprises, including the promotion of new technologies for data collection and compilation; whereas the use of existing administrative data for statistical purposes is one of the measures to decrease the

7) Official Journal L 219 of 28.08.1993, p. 1.

8) Official Journal L 310 of 13.11.1996, p. 39.

9) Official Journal L 179, 1.7.1992, p. 131.

10) Official Journal L 14 of 17.01.1997, p. 1.

burden on enterprise; whereas if a direct data collection from businesses is indispensable for compiling the statistics, the methods and techniques must ensure that the data are reliable and up to date, without giving rise for the parties concerned, in particular for small and medium sized businesses, to a burden out of proportion to the results which users of the said statistics can reasonably expect;

- (14) Whereas it is necessary to have a legal framework common to all business activities and domains of business statistics covering also the activities and domains for which statistics are not yet developed; whereas the scope of the statistics to be compiled can be defined by reference to Council Regulation No. 93/696¹¹⁾ on the statistical units for the observation and the analysis of the production system in the European Community and Council Regulation No. 3037/90¹²⁾ on the statistical classification of activities in the European Community (NACE Rev.1) amended by Commission Regulation No. 761/93¹³⁾;
- (15) Whereas, in order to enable the rules for the collection and statistical processing of data and for processing and transmission of the variables to be clarified further, it is necessary to confer upon the Commission, assisted by the Statistical Programme Committee set up by Decision 89/382/EEC (Euratom),¹⁴⁾ the power to adopt measures for the application of this Regulation,
- (16) Whereas the statistical Programme Committee has been consulted in accordance with article 3 of the aforesaid Decision,

has adopted this Regulation:

11) Official Journal L 76, 30.3.1993, p. 1.

12) Official Journal L 293, 24.10.1990, p. 1.

13) Official Journal L 83, 3.4.1993, p. 1.

14) Official Journal L 181, 28.6.1989, p. 47.

Article 1

General aims

- (1) The objective of this Regulation is to establish a common framework for the production of short-term Community Statistics on the Business cycle.
- (2) The statistics comprise information (variables) which are necessary to provide a uniform basis for the analysis of the short term evolution of output and demand, the production factors and prices.

Article 2

Scope

- (1) This Regulation shall apply to all market activities in Sections C to K and M to O of the statistical classification of economic activities in the European Community (NACE Rev.1) as established by Regulation (EEC) No 3037/90
- (2) Statistical units of the types listed in Section I of the Annex to Regulation No 93/696 and which are classified under one of the activities referred to in paragraph 1 shall be included in the scope of this Regulation. The use of particular units for the compilation of statistics is specified in the Annexes to this Regulation.

Article 3

Modules

- (1) The specific requirements for the variables are described in modules set out in the annexes to this Regulation.
- (2) The following information is laid down in each module where relevant:
 - a. the specific activities for which the statistics are to be compiled;
 - b. the types of statistical unit to be used for the compilation of the statistics;
 - c. the lists of variables;
 - d. the form of the variables;
 - e. the frequency of the variables;
 - f. the level of detail of the variables;
 - g. the deadlines for data transmission;
 - h. the list of voluntary pilot studies;
 - i. the first reference period;
 - j. the maximum length of the transition period which may be conceded.

Article 4

Collection of data

- (1) Member States shall obtain the necessary data for the compilation of the variables listed in the modules.
- (2) Member States may obtain the necessary data using a combination of different sources specified below, applying the principle of administrative simplification:
 - (a) compulsory surveys: the legal units, to which the statistical units called upon by the Member States belong or of which they are composed, shall be obliged to give accurate and complete information within the prescribed deadlines;
 - (b) other sources which are at least equivalent as regards accuracy and quality;
 - (c) missing data may be estimated if this does not lower substantially the quality of the variables.
- (3) Member States shall promote conditions which reduce the response burden on the reporting units. For this purpose Member States shall take the necessary measures to allow and facilitate access by the authorities responsible for the collection of data, to administrative sources within their State, in particular periodic information contained in VAT declarations, including information in the tax register.
- (4) The Member States, in co-operation with the Commission, shall promote the conditions for increased use of electronic data collection and automatic data processing.

Article 5

Periodicity

All variables are provided on a monthly or quarterly base as specified in the modules.

Article 6

Level of detail

The variables are to be supplied in accordance with NACE Rev.1 at the level of detail as set out in the modules.

Article 7

Processing

Member States shall process the completed data collected by means of surveys or obtained from other sources into comparable variables

- (a) following the rules laid down in the modules and
- (b) taking account of the guidelines laid down in the methodological manual referred to in Article 11.

Article 8

Transmission

- (1) Member States shall transmit the variables provided for in Article 7 of this Regulation, including confidential data, to the Statistical Office of the European Communities in accordance with the existing Community provisions on transmission of data subject to statistical confidentiality. The existing Community provisions on the transmission of data subject to statistical confidentiality shall apply to the treatment of the variables, insofar as they include confidential data.
- (2) The transmission to the Statistical Office of the European Communities shall be carried out by electronic or other appropriate means within a period of time from the end of the reference period which is laid down in the modules and which shall be no longer than 6 months.
- (3) In any case, the variables shall be transmitted to the Statistical Office of the European Communities not later than the day they are ready for publication in the Member State.

Article 9

Quality

- (1) The Member States shall ensure that the transmitted variables reflect the true situation of the total population of units. For this purpose the surveys or other sources must cover as many units as necessary to ensure a sufficient degree of representativeness.
- (2) The accuracy of the variables has to be measured by each Member State according to a common methodology. This methodology will be established by the Commission after consultation of the Committee referred to in Article 17 and will be laid down in the methodology manual referred to in Article 11.
- (3) The quality of the variables is to be tested regularly by comparing them with other statistical information, notably the variables transmitted in accordance with Regulation No. 58/97. In addition they are to be checked for internal consistency. Deviations between first published data and final data are to be minimised.
- (4) If any of these tests result in a deviation from the common methodology, the Member States shall remedy the deviation.

Article 10

Change of base year

- (1) At least every five years, for the years ending with a 0 or a 5, Member States are obliged to adapt the weighting systems of the composite indices and in the appropriate case the choice of representative products.

- (2) All variables must be rebased on the new base year within three years after the end of this new base year. The weights used in the adopted weighting systems shall be transmitted to the Commission within three years after the end of the new base year.

Article 11

Methodological manual

In co-operation with the Committee referred to in Article 17, a methodological manual which

- (a) explains the rules set up in the modules and also
- (b) contains the necessary recommendations concerning short term statistics,

will be published by the Commission.

This manual will be revised at regular intervals.

Article 12

Transition period and derogations

- (1) Transition periods may be conceded, not extending more than five years from the beginning of the first reference periods for the compilation of the statistics.
- (2) During the transition periods derogations from the provisions of this Regulation may be accepted by the Commission insofar as the national statistical systems require major adaptations.

Article 13

Reports

- (1) Member States shall transmit to the Commission on request any relevant information to evaluate and compare the degree of accuracy and quality of the transmitted variables; in particular they shall notify on request of the criteria for the design of the samples and the estimation algorithm.
- (2) The Commission shall, within three years of the date of entry into force of this Regulation and again every three years thereafter, submit a report to the European Parliament and the Council on the statistics compiled pursuant to this Regulation and in particular on their quality and the burden on business.

Article 14

Co-ordination in the Member States

In each Member State one national authority shall co-ordinate

- the transmission of variables (Article 8),
- the quality measurement (Article 9) and
- the transmission of relevant information (Article 13(1)).

Article 15

Pilot studies

- (1) The Commission will, in accordance with the procedure laid down in Article 17 of this Regulation, institute a series of pilot studies to be completed by the Member States. These pilot studies are specified in the modules.
- (2) These pilot studies will be carried out in order to assess the feasibility of obtaining more data, taking into account the benefits of the availability of the data in relation to the cost of collection and the burden on business.
- (3) The Commission will inform the Council of the results of the pilot studies and will if necessary submit to it proposals on new requirements for the modules.

Article 16

Implementation

The Commission shall determine, under the procedure laid down in Article 17, the measures for implementing this Regulation, including the measures for adjustment to economic and technical developments concerning the collection and statistical processing of data, the processing and the transmission of the variables, taking into consideration the principle that the benefits of the measure must outweigh its cost, and provided that major additional resources are not involved either for the Member States or for enterprises as compared with the original provisions of this Regulation, in particular:

- (a) the use of particular units (Article 2),
- (b) the updating of the list of variables (Article 3),
- (c) the definition and the appropriate forms of the transmitted variables (Article 3),
- (d) the frequency of compilation of the statistics (Article 5),
- (e) the levels of breakdown and aggregation to be applied to the variables (Article 6),
- (f) the transmission deadlines (Article 8),
- (g) the accuracy of the variables (Article 9),
- (h) the transition periods and derogations granted during the transition period (Article 12),
- (i) the pilot studies (Article 15),

Article 17

Committee procedure

- (1) The Commission shall be assisted by the Statistical Programme Committee set up by Decision 89/382/EEC, Euratom, hereinafter referred to as "the Committee".
- (2) The representative of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter. The opinion shall be delivered by the majority

laid down in Article 148 (2) of the Treaty in the case of decisions which the Council is required to adopt on a proposal from the Commission.

The votes of the representatives of the Member States within the Committee shall be weighted in the manner set out in that Article. The Chairman shall not vote.

- (3) The Commission shall adopt measures which shall apply immediately. However, if these measures are not in accordance with the opinion of the Committee, they shall be communicated by the Commission to the Council forthwith. In that event:
 - (a) The Commission shall defer application of the measures which it has decided for a period of three months from the date of communication.
 - (b) The Council, acting by a qualified majority, may take a different decision within the time limit referred to in the previous paragraph.

Article 18

Repealing provisions

The Directives 72/211 (EEC) of 30 May 1972 and 78/166 (EEC) of 13 February 1978 shall cease to apply after the transmission of all of the data for the reference periods within 1997.

Article 19

Entering into force

This Regulation shall enter into force on the twentieth day after its publication in the Official Journal of the European Communities.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

ANNEX A

Industry module

a. Scope

This module is applicable for all activities of mining, manufacturing and energy, listed in sections C to E of NACE Rev.1.

b. Observation Unit

- (1) The observation unit for all variables in this module is the kind-of-activity unit.
- (2) For enterprises with few persons employed in secondary activities the National Statistical Offices may use the enterprise as the observation unit.
- (3) Exceptions for the observation unit can be decided by the Commission after consultation of the Committee referred to in Article 17.

c. List of Variables

- (1) The statistics in this module comprise the following variables:

Variable	Name
110	production
120	turnover
121	domestic turnover
122	export turnover
130	new orders received
131	domestic new orders
132	export new orders
210	persons employed
220	hours worked
230	gross wages and salaries
310	output prices
311	output prices of the domestic market
312	output prices of the export market

- (2) The information on **orders** (No 130, 131, 132) are only required for the following divisions of NACE Rev.1: 17, 18, 21, 24, 27, 28, 29, 30, 31, 32, 33, 34, 35.
- (3) The information concerning **output prices** (No 310, 311, 312) is not required for the following groups of NACE Rev.1: 12.0, 22.1, 23.3, 29.6, 35.1, 35.3.

d. Form

(1) The variables are to be supplied in the following form:

Variable	Unadjusted	Working day adjusted	Seasonally adjusted
110	✓	✓	✓
120	✓		✓
121	✓		✓
122	✓		✓
130	✓		✓
131	✓		✓
132	✓		✓
210	✓		✓
220	✓		✓
230	✓		✓
310	✓		
311	✓		
312	✓		

(2) All variables can be supplied either as an index or as absolute figures.

e. Frequency

The variables are to be supplied with the following frequency:

Variable	Frequency
110	monthly
120	monthly
121	monthly
122	monthly
130	monthly
131	monthly
132	monthly
210	at least quarterly
220	at least quarterly
230	at least quarterly
310	monthly
311	monthly
312	monthly

f. Level of detail

- (1) All variables are to be supplied at least at 2-digit level of NACE Rev.1.
- (2) For Section D, the index of production and the index of output prices will be supplied at both the 3 and 4-digit level of NACE Rev.1, with the following exceptions:
 - a) If value added in a **class** of NACE Rev 1 Section D in a given base year represents, in a Member State, less than 3% of the European Community total, the index of production (No 110) and the index of output prices (No 310, 311, 312) need not to be supplied for this class.
 - b) If value added in a **group** of NACE Rev 1 Section D in a given base year represents, in a Member State, less than 3% of the European Community total, the index of production (No 110) and the index of output prices (No 310, 311, 312) need not to be supplied for this group.
- (3) If necessary for European Community policy requirements, the Commission may, in accordance with the procedure laid down in Article 17 of this Regulation, request ad hoc collection of the data referred to in paragraph 2.
- (4) In addition, all variables are to be supplied for main industrial groupings, the definition of which (reference to NACE Rev.1 activities) are decided after consultation of the Committee referred to in Article 17.

g. Deadlines for data transmission

- (1) The variables shall be transmitted within the following deadlines after the end of the reference period:

Variable	Deadlines
110	45 calendar days
120	60 calendar days
121	60 calendar days
122	60 calendar days
130	50 calendar days
131	50 calendar days
132	50 calendar days
210	50 calendar days
220	60 calendar days
230	60 calendar days
310	35 calendar days
311	35 calendar days
312	35 calendar days

- (2) The deadline may be up to 15 calendar days longer for those activities where, in a given base year, the value added of the activities in a Member State represents less than 2% of the Community total.

h. Pilot Studies

In accordance with Article 15 voluntary pilot studies are launched in the order of priorities on the following subjects:

1. The break-down of export market variables into intra EC and extra EC,
2. short term investment information,
3. short term information concerning birth and death of enterprises,
4. a monthly frequency for employment information,
5. data on stock of orders,
6. data on inventories,
7. order information for more activities than listed in c.(2),
8. the calculation of output prices for the activities excluded in c.(3).

i. First reference period

The first reference period for which all variables are to be supplied is January 1998 for monthly data, the first quarter 1998 for quarterly data.

j. Transition period

For production (No 110), new orders received (No 130, 131, 132) and domestic output prices (No 311) a transition period of no longer than two years may be conceded by the Commission. For all other variables the transition period may be up to five years.

ANNEX B

Construction module

a. Scope

This module is applicable for all activities of construction listed in section F of NACE Rev.1.

b. Observation Unit

- (1) The observation unit for all variables in this module is the kind-of-activity unit.
- (2) For enterprises with few persons employed in secondary activities the National Statistical Offices may use the enterprise as the observation unit.
- (3) Exceptions for the observation unit can be decided by the Commission after consultation of the Committee referred to in Article 17.

c. List of Variables

- (1) The statistics in this module comprise the following variables:

Variable	Name
110	production
115	production of building construction
116	production of civil engineering
130	new orders received
135	new orders received for building construction
136	new orders received for civil engineering
210	persons employed
220	hours worked
230	gross wages and salaries
310	output prices
320	construction costs
321	material costs
322	labour costs
411	building permits: number of dwellings
412	building permits: square meters of useful floor area

- (2) The information concerning new orders (No 130, 135, 136) is not required for groups 45.3 to 45.5 of NACE Rev.1.

- (3) Approximations for the variables can be defined by the Commission after consultation of the Committee and laid down in the methodological manual referred to in Article 11.

d. Form

- (1) The variables are to be supplied in the following form:

Variable	Unadjusted	Seasonally adjusted
110	✓	✓
115	✓	✓
116	✓	✓
130	✓	✓
135	✓	✓
136	✓	✓
210	✓	✓
220	✓	✓
230	✓	✓
310	✓	
320	✓	
321	✓	
322	✓	
411	✓	✓
412	✓	✓

- (2) All variables except the building permits (No 411 and 412) can be supplied in the form of indices or in absolute figures.
- (3) The building permits (No 411 and 412) are to be supplied in absolute figures.

e. Frequency

The variables are to be supplied with the following frequency:

Variable	Frequency
110	monthly
115	monthly
116	monthly
130	at least quarterly
135	at least quarterly
136	at least quarterly
210	at least quarterly
220	at least quarterly
230	at least quarterly
310	at least quarterly
320	at least quarterly
321	at least quarterly
322	at least quarterly
411	monthly
412	monthly

f. Level of detail

- (1) The variables No 110, 130, 210, 220 and 230 are to be supplied at least at the 2-digit level of NACE Rev. 1.
- (2) The output prices and construction costs (Variables No 310, 320, 321 and 322) are only mandatory for new residential buildings excluding residencies for communities.
- (3) Following the classification of constructions, the number of dwellings present in building permits (No 411) is to be supplied for:
 - (i) one dwelling residential buildings
 - (ii) two and more-dwelling residential buildings
- (4) The building permits (No 412) are to be supplied for:
 - (i) one dwelling residential buildings
 - (ii) two and more-dwelling residential buildings
 - (iii) residencies for communities
 - (iv) offices buildings
 - (v) other buildings

This is to be compiled using the square meters of useful floor area or an alternative size measure.

(5) -The building permits (No. 411 and 412) are not to be supplied for civil engineering.

g. Deadlines for data transmission

The variables shall be transmitted within the following deadlines after the end of the reference period:

Variable	Deadline
110	60 calendar days
115	60 calendar days
116	60 calendar days
130	90 calendar days
135	90 calendar days
136	90 calendar days
210	90 calendar days
220	90 calendar days
230	90 calendar days
310	90 calendar days
320	90 calendar days
321	90 calendar days
322	90 calendar days
411	60 calendar days
412	60 calendar days

h. Pilot Studies

In accordance with Article 15 voluntary pilot studies are launched in the order of priorities on the following subjects:

1. on the possibilities to break down production (No 110) into new work and repair & maintenance,
2. on providing new orders information (No 130, 135 and 136) and prices (No 310, 320, 321 and 322) at a monthly frequency,
3. on the possibilities to break down the variables No 210, 220 and 230 into building and civil engineering,
4. on the possibilities to have price information (No 310, 320, 321 and 322) for other types of construction than residential buildings, as well as for repair and maintenance work,
5. on the possibilities to break down the production of building construction (No 115) into residential and non-residential buildings
6. on short term investment information,
7. on short term information concerning birth and death of enterprises.

i. First reference year

The first reference period for which all variables are to be supplied is January 1998 for monthly data, the first quarter 1998 for quarterly data.

j. Transition period

For the variables No 110, 130 and 310 a transition period of no longer than two years may be conceded by the Commission. For all other variables the transition period may be up to five years.

For the **periodicity** of variable No 110 (production index) to be monthly, a transition period of up to five years may be conceded.

ANNEX C

Retail trade module

a. Scope

This module is applicable for the retail trade sector except trade of motor vehicles and motorcycles, in other words all activities listed in groups 52.1 to 52.6 of NACE Rev.1 (distributive trade).

b. Observation Unit

- (1) The observation unit for all variables in this module is the enterprise.
- (2) The Member States shall also collect, compile and transmit variables for enterprises which, according to their main activity, are not classified in NACE Rev.1 52.1 to 52.6, but which nevertheless carry out significant retail trade activities.
- (3) The Member States shall determine the appropriate manner for the implementation of paragraph (2). The Member States shall inform the Commission of the action they have taken to meet the requirements of paragraph (2).

c. List of variables

The statistics in this module comprise the following variables:

Variable	Name
120	turnover
210	persons employed
330	deflator of sales

d. Form

- (1) All variables are to be sent in the form of indices or absolute figures.
- (2) The variables are to be supplied in the following form:

Variable	Unadjusted	Working day adjusted	Seasonally adjusted
120	✓	✓	✓
210	✓		✓
330	✓		

e. Frequency

The variables are to be supplied with the following frequency:

Variable	Frequency
120	monthly
210	quarterly
330	monthly

f. Level of detail

The variables are to be supplied according to the regroupings of activities, defined below according to the NACE Rev.1 classification classes and groups:

- ◆ class 52.11
- ◆ class 52.12
- ◆ group 52.2
- ◆ group 52.3
- ◆ sum of classes 52.41, 52.42 and 52.43
- ◆ sum of classes 52.44, 52.45 and 52.46
- ◆ sum of classes 52.47 and 52.48
- ◆ class 52.61

Aggregated variables are required for:

- ◆ sum of class 52.11 and group 52.2
- ◆ sum of class 52.12 and groups 52.3 to 52.6
- ◆ sum of groups 52.1 to 52.6.

g. Deadlines for data transmission

The preliminary variables shall be transmitted within 3 months after the end of the reference period, the revised variables within 6 months after the end of the reference period. Special estimated advanced variables shall be transmitted within 2 months at the aggregated level of retail trade.

h. Pilot Studies

In accordance with Article 15 voluntary pilot studies are launched on the following subjects:

1. on the possibilities of faster data supply,
2. on the kind-of-activity unit as observation unit,
3. on short term investment information,
4. on short term information concerning birth and death of enterprises.

i. First reference year

The first reference period for which all variables are to be supplied is January 1998 for monthly data, the first quarter 1998 for quarterly data.

j. Transition period

For aggregated turnover (No 120) a transition period of no longer than two years may be conceded by the Commission. For all other variables the transition period may be up to five years.

ANNEX D

Module on Other Services

a. Scope

- (1) Pilot studies are to be carried out by the end of 2002 in order to know for which NACE Rev.1 activities short term statistics need to be compiled because a business cycle can be observed.
- (2) The pilot studies shall be applicable for all activities listed in sections G to K and O of NACE Rev.1, except groups 52.1 to 52.6.
- (3) The pilot studies will be carried out in order to assess the feasibility of collecting data, taking into account the benefits of the availability of the data in relation to the cost of collection and the burden on business.
- (4) The specifications laid down in points b) to g) below are to be examined in the pilot studies and shall be reviewed after the pilot studies have been completed.
- (5) After the pilot studies have been completed, the Commission, after consultation of the Committee in accordance with the procedure laid down in Article 17 of this Regulation, shall determine the NACE Rev.1 activities for which short term statistics are to be completed for the activities covered by this annex.

b. Observation Unit

The observation unit for all variables in this module should be the enterprise.

c. List of variables

The statistics in this module should comprise the following variables:

Variables	Name
120	turnover
210	persons employed

d. Form

The variables should be collected in the form of indices, both unadjusted and seasonally adjusted.

e. Frequency

The variables should be supplied on a quarterly basis.

f. Level of detail

The variables should be supplied according to the divisions (2-digit level) of NACE Rev.1.

g. Deadlines for data transmission

Variables should be transmitted to the Commission within 6 months after the end of the reference period.

Financial Statement

Financial statement relating to short-term statistics

1. Title of operation

Proposal for a Council Regulation concerning short-term statistics

2. Budget heading involved

Chapter B5-6000

3. Legal basis

Article 213 of the Treaty

4. Description of operation

4.1 *General objective*

This Council Regulation aims to make available harmonised statistical information on the business cycle within the European Union to all users of short-term indicators. This information is necessary for drawing up, monitoring and evaluating Community policies, in particular concerning the monetary policy as well economic, social, industrial, sectoral, regional, competition, enterprise and environmental policies.

4.2 *Period covered and arrangements for renewal*

Multi-annual (ongoing collection and compilation of statistical data).

Period covered by the action: 1998-2000

5. Classification of expenditure or revenue

5.1 Non-compulsory expenditure

5.2 Differentiated appropriations.

5.3 *Type of revenue involved*

The sale of statistical products (databases, paper and electronic publications) partially covering production costs.

6. Type of expenditure or revenue

6.1 *Partial subsidy*

The Commission's contribution represents only a part of the cost of collecting the data, approximately 8-10%.

6.2 *Cofinancing with the public sector*

Cofinancing with the public sector (budgets of the national statistical services) and the private sector (revenue from sales of statistical products).

7. Financial impact

7.1 *Method of calculating total cost of operation*

During 1996 the Commission carried out an exercise with the Member States to estimate the costs for the new indicators and the new sectors for which information would need to be collected under the draft Regulation. The cost estimates collected in this exercise have been used

to establish the total extra cost for the Member States to implement this Regulation. The expenditure by the Member States will concern the execution of new surveys and pilot studies. The financing will be a contribution to the costs of data collection, data processing, dissemination and other running costs as well as the development of Electronic Data Interchange (EDI).

In so far as existing data collection systems have to be extended or new statistical collection systems developed, the contribution from the Community budget is calculated on the basis of the following hypotheses:

- 8-10% of the start-up and running costs for the first 3 years of operation for statistics on the industrial, construction and retail trades sectors
- 8-10% of the start-up and running costs for the first 3 years of operation for statistics on the remaining service sectors

7.2 *Breakdown of commitment appropriations (ECU)*

	Financial year	1998	1999	2000	Total
Surveys on industrial and construction sectors	Implementation in the Member States	1 025 000	1 025 000	750 000	2 800 000
	Pilot studies	1 025 000	1 025 000	750 000	
Surveys on retail trade and other service sectors	Implementation in the Member States	1 000 000	1 000 000	750 000	2 750 000
	Pilot studies	1 000 000	1 000 000	750 000	2 750 000
Total		4 050 000	4 050 000	3 000 000	11 100 000

7.3 *Schedule of commitment and payment appropriations (ECU)*

Financial year	1998	1999	2000	Total
Commitment appropriations	4 050 000	4 050 000	3 000 000	11 100 000
Payment appropriations				
1998	1 620 000	0	0	1 620 000
1999	1 620 000	1 620 000	0	3 240 000
2000	810 000	1 620 000	1 200 000	3 630 000
2001	0	810 000	1 200 000	2 010 000
2002	0	0	600 000	600 000
Total	4 050 000	4 050 000	3 000 000	11 100 000

8. **What anti-fraud measures are planned in the proposal for the operation?**

For the contracts and agreements entered into by the Commission payment is solely by results.

Data supplied are checked by the Commission which can then assess the need for financial support. The data are checked before payment, taking account of the contractual obligations and the principles of sound financial management. Anti-fraud provisions (controls, reports etc.) are included in all agreements and contracts between the Commission and beneficiaries.

9. **Elements of cost-effectiveness analysis**

9.1. *Specific and quantified objectives; target population*

Specific objectives:

This Council Regulation aims to make available harmonised statistical information on the business cycle within the European Union to all users of short-term indicators. This information is necessary for drawing up, monitoring and evaluating Community policies, in particular

concerning the monetary policy as well economic, social, industrial, sectoral, regional, competition, enterprise and environmental policies. The annexes of the draft Regulation contain a list of indicators for which statistics should be provided.

Target population

The final beneficiaries of this operation are all users of official statistics, principally the Community institutions but also the Governments of the Member States, economic and social decision makers, central banks, research institutes, universities and the media.

Information on the internal market is needed to ensure reliable statistics are available to facilitate the proper functioning of the Single Market and promote competitiveness of the Community economy.

The Member States authorities are responsible for the data collection foreseen in this proposal.

9.2. *Grounds for the operation*

Reasons for choosing this operation rather than an alternative which would meet the same objectives.

Statistical activities generally and data collection in particular draw exclusively on the principle of subsidiarity and the operating and administrative costs are almost exclusively met by the national Governments. Nevertheless, the expenditure is essential to provide an incentive for broadening the scope of the national surveys and standardising the results produced by the Member states. The extension of national surveys will involve major changes in most countries. There will need to be new surveys in some sectors, particularly in the construction sector in Denmark, Greece, Spain, Ireland, Portugal, Sweden and the United Kingdom. There will need to be new surveys for particular indicators not yet collected in some countries: New orders in Belgium, Greece, Spain, France, Ireland, Portugal and Finland; Turnover index in Greece, Spain, France, Portugal and Finland; Building permits in the United Kingdom and hours worked by non-manual workers in nearly all countries.

Choice of intervention

This operation is mainly financed by the Member States, which already have systems for collecting data on short-term indicators. However, in certain Member States, these systems are incomplete (or unsuitable) and the results are not harmonised from one Member State to another. If the Commission had to finance the whole of this programme, the cost would be extremely high and the results less reliable. Such an approach would run counter to the principle of subsidiarity.

Statistical information is collected by a highly decentralised system, in which the national systems have a responsibility at individual Member State level. The Community statistical programme is becoming an integral part of the national statistical programmes, thereby contributing to establishing a European statistical area.

As well as providing statistics on the business cycle within the European Union, the proposals should improve the availability of data used in the compilation of national accounts and quarterly accounts.

The potential for multiplier effects is relatively limited. However, the data foreseen by the draft Regulation will be of considerably greater relevance for users wishing to make international comparisons of the business cycle within the European Union. This should lead to a greater revenue from the sale of statistical products.

Main factors of uncertainty which could affect the specific results of the operation.

Difficulties may arise if certain Member States - or the Commission - do not manage to release the necessary resources for the success of the operation.

In particular, the pilot studies foreseen in the Regulation will not be carried out without financing from the Commission.

9.3. *Monitoring and evaluation of the operation*

Performance indicators selected

The operation is monitored as part of the Community statistical programme. The progress of the statistical programme is continuously monitored against a control chart which sets out the operating targets and the resources necessary for each project in target/performance terms. At the start of each year, Eurostat prepares a report on the progress of the programme in the previous year. This is in three parts:

- the first summarises the main goals achieved during the year in terms of each policy;
- the second describes the objectives laid down for each project and the results obtained;
- the third provides statistics on the use of human, budgetary, IT and administrative resources during the previous year.

The quality of the statistics compiled will be regularly checked against other statistical information, notably the annual data available from structural business statistics.

Details and frequency of planned evaluation

It is proposed in the draft Regulation that the Commission shall submit a report to the Parliament and the Council on the experience acquired from the work carried out pursuant to the Regulation. This report shall be prepared at least every three years.

10. **Administrative expenditure (Part A of the budget)**

The provision of the required administrative resources is dependant upon the annual decision of the Commission concerning the allocation of resources, taking particular account of the extra personnel and financial resources made available by the budget authority.

10.1. Effect on the number of Commission staff?

Type of staff post		Staff to be assigned to managing the operation		Source		Duration
		<u>Permanent posts</u>	<u>Temporary posts</u>	Existing resources in the DG or department concerned	Additional resources	
Officials or temporary staff	A	2		2		From 1998
	B	2		2		
	C					
Other resources						
Total		4		4		

10.2. Total financial impact of the additional human resources

Indicators: 1995 annual employment costs (ECU)

	Amount	Method of calculation
Officials	373 456	Average cost of a post at B2 level. 93 364 ECU of which 76 495 ECU staff expenditure and 16 869 ECU administrative expenditure
Temporary staff		
Other resources		
Total / year	373 456	

Costs expressed in constant ECU at 1995 value.

10.3. Increase in other administrative expenditure as a result of the operation

On average there will be 2 Committee meetings/year to oversee the implementation of this Regulation

Budget heading	Amount	Method of calculation
A0-2510	20 000 ECU	Average cost of similar meetings in 1996 was 10 000 ECU. Hence 2 meetings/year costs 20 000 ECU.
Total / year	20 000 ECU	

Costs expressed in constant ECU at 1995 value.

Impact Assessment Form

The Impact of the Proposal on Business

with special reference to small and medium sized enterprises (SMEs)

Title of proposal

Council Regulation concerning short-term statistics.

Reference number

The Proposal

1. *Taking account of the principle of subsidiarity, why is Community legislation necessary in this area and what are its main aims?*

The Commission requires statistical information on the business cycle within the European Union, in particular for the development and evaluation of monetary policy. The need for harmonised short-term indicators has grown with the development of monetary policy and the internal market.

The statistical surveys in place in the Member States have, for the most part, developed since the adoption of the Council Directives No. 72/211 of 30 May 1972 and No. 78/166 of 13 February 1978, which covered the industrial and construction sectors of the economy. These developments have often taken place in an uncoordinated and piecemeal manner as they have been undertaken by national statistical offices in response to national needs for data. The need for similar developments has often been expressed within the European Union. Despite efforts by the Commission (Eurostat) it has not been possible to produce comparable statistics within the European Union and the inflexibility of the existing legislation has meant that, in the field of short-term indicators, the European business statistical system has not developed in line with national systems nor with changes in the business environment. The proposed Regulation brings the existing legislation up to date, notably in its coverage of the service sectors and provides an instrument for co-ordinating the many short-term surveys undertaken within the EU such that unnecessary burden through duplication of data collection can be avoided. It also foresees the future development of short-term indicators in a number of areas.

The purpose of the legislation is to make available comparable short-term indicators for all EU Member States. It aims to do this by harmonising the results to be compiled by the Member States in terms of the coverage, definitions and classifications used as well as the methods for weighting indicators and adjusting them for seasonal factors. It does not try to harmonise the actual data collection systems in each Member

States. The requirement that will be imposed by this Regulation is that each Member State must be able to compile results which are comparable between EU countries, using the data collected in their national systems. Clearly some changes in all of the national systems will be required, but each Member States is free to find the most effective solution in their own country.

The impact on business

2. *Who will be affected by the proposal?*
- which sectors of business?

The proposal aims in the long term to compile comparable results for all sectors of the economy in the Member States, with the exception of ;

- a) private households with employed persons;
- b) extra-territorial organisations and bodies;
- c) the agriculture, hunting, forestry and fishing sectors as well as public administration, defence and activities of compulsory social security.
- d) other sectors which, after pilot studies, have no business cycle.

The requirements in some sectors, particularly industry, construction and retail trades, are more detailed than in others. This reflects the state of development of short-term indicators rather than a greater need for information in these sectors than the others.

- Which sizes of business (what is the concentration of small firms)?*

The Regulation lays down that the indicators to be transmitted to the Commission (Eurostat) should be representative of the total population of units and hence covers all size classes. It does not say how these data should be collected but leaves the responsibility for the construction of a data collection system to each Member State.

Like the preceding legislation (the Directives mentioned above) the Regulation specifically permits Member States to use sampling methods rather than to carry out exhaustive surveys. This gives the Member States the possibility to reduce the number of enterprises questioned each year. In particular it is likely that the percentage of small and medium sized enterprises included in any sample will be considerably smaller than large enterprises.

In addition, Member States will be allowed to estimate some variables rather than collect them. This possibility was introduced into the text with the purpose of allowing Member States to send reduced

questionnaires (with a smaller number of variables) to small and medium sized enterprises and to estimate the data which has not been collected using the results from larger enterprises.

Finally, the use of administrative sources rather than special data collection exercises (using questionnaires) is permitted, which should allow some variables to be taken from existing data sources. These may be general administrative records such as social security and VAT declarations or more narrow records concerning wage agreements, tariffs for utilities or building permit applications. This, when used by Member States, will reduce the number of variables that need to be collected directly from the business community. Such administrative sources, if used by the Member States, will reduce the situation of businesses being required to reply several times to the same questions.

- are there particular geographical areas of the Community where these businesses are found?

No, all countries of the European Union are concerned.

3. *What will businesses have to do to comply with the proposal?*

The Member States are required to collect the data necessary for the compilation of harmonised results. In doing so it is likely that statistical units will be sampled and sent a questionnaire. At the discretion of each Member State, the units drawn in the samples may be obliged to give honest and complete information within the prescribed deadlines.

In accordance with the 18th Declaration in the Treaty on European Union on estimated costs under Commission proposals, and in order to try to assess the response burden of the new Regulation on the business community, the Commission (Eurostat) asked each of the Member States to provide any information they have on this subject. A number of Member States replied to this request. The figures below show the increase in time spent filling in statistical questionnaires that will result from the introduction of this Regulation or the cost for the enterprises in ECUs. These increases are relevant to the enterprises falling within the sample and hence will not be felt by the vast majority of enterprises which fall outside of the samples. In some countries, particular indicators do not exist in certain sectors and will have to be introduced; these cases are indicated in the following list.

Belgium:

No increase.

Denmark

Industry: Increase of 5 hours /year/enterprise (Includes the extension of existing surveys to NACE Section E)

Construction: Increase of 2 hours/year/enterprise (Includes the introduction of new indicators on new orders and output prices)

Retail trade: Insignificant increase

Services: No increase

Greece:

Production index only

Industry: Increase of 24 hours/year/enterprise

Construction: Increase of 36 hours/year/enterprise - new index

Retail trade: Increase of 2 hours/year/enterprise

Services: No increase

France

Orders index: Increase of 6 hours/year/enterprise. New indicator.

Exports sales price: Increase of 6 hours/year/enterprise.

Turnover index: Increase of 2 hours/year/enterprise. New indicator.

Luxembourg:

Industry: No increase

Construction: No increase in time spent/enterprise, but an increase in the sample size of 200 enterprises for which the time spent will be between 8 and 12 hours/year/enterprise.

Retail trade: No increase

Services: No increase

Netherlands

Industry: No increase

Construction: No increase

Retail trade: No increase

Portugal

Industry: Increase of 3 hours/year/enterprise

Construction: Increase of 15 hours/year/enterprise - All new indicators except for building permits.

Retail trade: No increase

Services: Increase of 6 hours/year/enterprise - All new indicators.

Finland

Industry: Increase of 12 hours/year/enterprise - New indicators for new orders, turnover and wages and salaries.

Construction: Increase of 4 hours/year/enterprise - New indicators of new orders and output price index.

Retail trade: No increase

Sweden

Industry: Increase of 181 ECU/year/enterprise

Construction: Increase of 122 ECU/year/enterprise

Retail trade: Increase of 213 ECU/year/enterprise (Eurostat estimate)

Services: Increase of 339 ECU/year/enterprise (Eurostat estimate)

United Kingdom:

Industry: Extension of 2 existing indicators into new industrial sectors not previously covered (31 and 181 ECU/year/enterprise)

Construction: Increase of 10.4 ECU/year/enterprise

Retail trade: No increase

4. *What economic effects is the proposal likely to have?*
- *on employment*
 - *on investment and the creation of new businesses?*
 - *on the competitive position of businesses?*

The economic effects will be indirect in so far as it is expected that the Regulation will improve the quality and availability of short-term statistical information at Community level thus improving transparency in the internal market. Competitiveness increases as decision takers have better information on the current economic situation and hence money can be saved.

4.1 *Costs*

In accordance with the 18th Declaration in the Treaty on European Union on estimated costs under Commission proposals, an attempt has been made to evaluate the costs for the national statistical offices of

compiling the information requested in the draft Regulation. Eleven countries provided estimates for the introduction of the proposals in the Regulation.

Belgium:

Staff costs will increase by

Industry: 58 000 ECU

Construction: 126 000 ECU

Retail Trade: 74 000 ECU (new sector)

Services 74 000 ECU (new sector)

Total: No one-off increase. Annual increase of 332 000 ECU

Denmark

Industry: One-off increase of 350 000 ECU and annual increase of 250 000 ECU

Construction: One-off increase of 200 000 ECU and annual increase of 150 000 ECU

Retail trade: One-off increase of 75 000 ECU and annual increase of 25 000 ECU

Services: One-off increase of 25 000 ECU and annual increase of 25 000 ECU

Total: One-off increase of 650 000 ECU and annual increase of 450 000 ECU

Greece (excluding the wage bill for indicators of employment, hours worked and wages and salaries):

Industry: One-off increase of 384 000 ECU and annual increase of 232 000 ECU

Construction: One-off increase of 156 000 ECU and an annual increase of 241 000 ECU

Retail trade: One-off increase of 148 000 ECU and annual increase of 558 000 ECU

Services: One-off increase of 85 000 ECU and annual increase of 889 000 ECU

Total: One-off increase of 773 000 ECU and an annual increase of 1 920 000 ECU

Spain

Industry (only indicators of production, prices, turnover and orders): One-off increase of 2 698 000 ECU and an annual increase of 12 655 000 ECU

France (excluding wage bill)

One-off increase of 567 000 ECU and annual increase of 506 000 ECU

Luxembourg:

Industry: No one-off increase and annual increase of 30 000 ECU

Construction: One-off increase of 5 000 ECU and annual increase of 20 000 ECU.

Retail trade: One-off increase of 16 000 ECU and annual increase of 95 000 ECU

Services: One-off increase of 5 000 ECU and annual increase of 48 000 ECU

Total: One off increase of 26 000 ECU and annual increase of 193 000 ECU

Netherlands

Industry: No one-off increase and annual increase of 42 000 ECU

Construction: No one-off increase and annual increase of 142 000 ECU

Retail trade: No one-off increase and annual increase of 21 000 ECU

Total: No one-off increase and annual increase of 205 000 ECU

Portugal

Industry: One-off increase of 224 000 ECU and annual increase of 204 000 ECU

Construction: One-off increase of 173 000 ECU and annual increase of 218 000 ECU

Retail trade: One-off increase of 50 000 ECU and annual increase of 9 000 ECU.

Services: One-off increase of 53 000 ECU and annual increase of 104 000 ECU.

Total: One-off increase of 501 000 ECU and an annual increase of 534 000 ECU

Finland

Industry: One-off increase of 350 000 ECU and annual increase of 445 000 ECU

Construction: One-off increase of 100 000 ECU and annual increase of 228 000 ECU

Retail trade: One-off increase of 20 000 ECU and no annual increase.

Services: One-off increase of 140 000 ECU and no annual increase.

Total: One-off increase of 610 000 ECU and an annual increase of 673 000 ECU

Sweden

Industry: Increase in annual costs of 506 000 ECU

Construction: Increase in annual costs of 412 000 ECU

Retail trade: Increase in annual costs of 217 000 ECU

Services: Increase in annual costs of 97 000 ECU

Total: Increase in annual costs of 1 232 000 ECU

United Kingdom:

Industry: One-off increase of 12 000 ECU and annual increase of 46 000 ECU

Construction: Annual increase of 850 000 ECU

Retail trade: One-off increase of 7 000 ECU and annual increase of 22 000 ECU

Total: One-off increase of 19 000 ECU and an annual increase of 918 000 ECU

The remaining Member States did not provide the necessary information for points 3 and 4.1 above. There are no known reasons why the costs for the missing Member States should be significantly different from the costs for the Member States given above.

4.2 *Benefits*

The statistical services of the Member States co-ordinated by Eurostat have a significant role to play in meeting the European Union's need for information on the business Community. The recent developments in Community economic and social integration require information for supporting the development and following the impact of initiatives and decisions to be based on more reliable, exhaustive, up-to-date and comparable statistics. Statistical information on businesses is required for the development of monetary policy and the follow-up of the internal market. In addition, businesses themselves need information on their activity and performance relative to competitors in their sector in national and international markets. The short-term indicators proposed in this Regulation also provide an indispensable complement to other business statistics such as the harmonised Community product and structural statistics as well as for the compilation of quarterly national accounts. It is practically impossible to quantify the benefit that will accrue from the availability of harmonised community statistics.

4.3 *Balance*

As the benefit that will accrue from the availability of harmonised community statistics can not be quantified, it is equally difficult to quantify the net benefit of these same statistics. However, the importance of the Community programmes whose execution and evaluation will benefit from the availability of better statistics, in particular the monetary policy, suggests that the benefits will considerably outweigh the costs of the data collection exercise and the burden on the enterprises.

5. *Does the proposal contain measures to take account of the specific situation of small and medium sized firms (reduced or different requirements)?*

All Member States compile short-term indicators using data collected from surveys with a threshold (or cut-off), below which enterprises are excluded from the survey.

Where small and medium sized enterprises are included in a sample, the possibility of using a reduced questionnaires (with a reduced number of variables) is available to the Member States, who would then need to use statistical inference methods to compile the full list of indicators for the entire population. As

the structure of a sector varies according to the country, the sector and over time, it would be inappropriate to fix thresholds for these reduced questionnaires in the legislation. The Member States are in the best position to judge the usefulness of these practices.

Consultation

6. *List the organisations which have been consulted about the proposal and outline their main views.*

The European Monetary Institute has been consulted on the needs of a future European Central Bank for short-term indicators.

- Monthly production indicators are regarded as essential with some activity breakdown and a delay of 6-8 weeks. Information on turnover is relatively less important.
- Manufacturing orders information, broken down into domestic and foreign orders is regarded as essential. Quantitative information is more important than qualitative data from opinion surveys. Orders in construction are important. Monthly orders information is needed with a maximum delay of 2 months. The residential/non-residential breakdown in construction is regarded as important for business cycle analysis. A further breakdown that is not proposed in the proposal but is requested by the EMI is between orders from MUMS (Monetary Union Member States) and non-MUMS.
- Monthly information on stocks is seen as an important supplementary statistic. At present this is only foreseen as a pilot study.
- Producer prices are essential with some activity breakdown regarded as important and they are all required within 1 month for manufacturing and 2 months for construction.
- Employment and hours worked are important in manufacturing and services. These indicators should be available within 3 months. The EMI would like these social indicators to be collected every quarter. In addition, an indicator of hours worked at overtime rates is regarded as an important supplementary statistic.
- For the construction sector, the EMI, regards additional indicators of building permits, housing starts and completions as important. These need to be available within 1-2 months.
- A monthly indicator of retail sales is regarded as essential and needs to be available within 1-2 months.

At a more general level, the EMI has called for shorter transition periods than proposed by the Commission in order to ensure the availability of comparable statistics by the start of the single monetary policy. Further breakdowns between MUMS and non-MUMS are called for, in particular

for new orders. The pilot studies in the other service areas are strongly supported and a need for more comprehensive, frequent and timely information in branches with short-term fluctuations has been expressed.

The services of the Commission have been consulted on their needs on a regular basis. A written consultation was made of all services of the Commission on a recent draft. There was support for the draft from all of the Directorate Generals that replied. Six Directorate Generals wanted the Regulation to ask for more detail. The following points can be noted.

- More indicators: Value added in all sectors. Breakdown between residential and non-residential production indexes in Construction. Breakdown of non-residential building permits in Construction. Hours worked in retail trade. Number of retailers in the fish retail sector. Indexes of turnover and number of employees in services.
- Greater level of NACE breakdown: 3-digit level in services and 4-digit level concerning some transport activities.
- Indicators on SMEs: For enterprise policy a breakdown by size class is necessary in order to separate business cycles of SMEs from large enterprises.
- Frequency: Information on employment should be monthly.

Representatives of the business community at the European level were presented with several drafts of the text.

- 14/10/1994: Meeting with approximately 40 representatives of industrial and service sectors and chambers of commerce. The participants requested a better co-ordination between quantitative and qualitative indicators.
- 10/3/1995: Progress report on developments since the previous meeting. Distribution of the text. 60 participants.
- 15/11/1995: Progress report on developments since the previous meeting. Distribution of the text. 50 participants.
- 21/5/1996: Progress report on developments since the previous meeting. Distribution of the text. 36 participants.
- 30/9/1996: Progress report on developments since the previous meeting. Distribution of the text. 50 participants.

As a result of the meeting on 15/11/95 a postal survey was made of the participants to investigate in detail their needs for short-term indicators and their views on the text.

- Indicators: The index of production, turnover, new orders and the stock of orders and the number of employees are the most important indicators. Wages and salaries and the volume of work were

not regarded as essential. In addition, the trade associations would like to see extra indicators concerning capacity utilisation and the breakdown of turnover and production prices between intra-EU and extra-EU.

- Delays: Acceptable.
- Level of detail: The 2-digit level is insufficient. The trade associations would like 3 and 4-digit level data.
- Pilot studies: Supported the development of indicators on investment.
- Burden: the burden needs to be minimised and administrative sources used as much as possible.

The National statistical offices who are responsible for data collection have been consulted on many occasions during the preparation of this text. A very close dialogue has been undertaken during the drafting of the methodological manuals which will support this legislation on a technical level. A dozen task force meetings were held with Member States to look at particular sectors and particular indicators. In addition there have been a number of working party meetings with all Member States since 1992. The text has been presented to the Statistical Programme Committee. There is support for the draft text from 10 countries. The Member States who objected to the text did so principally on the following grounds:

France, the Netherlands and the United Kingdom: Would like a more complete services module, not just pilot studies,

Spain and Ireland: Oppose new orders indicator,

Denmark: Against output prices for export market.

ISSN 0254-1475

COM(97) 313 final

DOCUMENTS

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17 10 08

Catalogue number : CB-CO-97-301-EN-C

ISBN 92-78-21564-3

Office for Official Publications of the European Communities

L-2985 Luxembourg