

# *Progress report of Statistics Finland*

18<sup>th</sup> Voorburg Group Meeting on services statistics

## *1 The main achievements for the period 2002-2003*

### *1.1 Producer Price Index (PPI) for services*

Statistics Finland started to develop PPI for Services in the end of 1999. Since then, the project has proceeded according to plans despite of limited resources. At present, three persons are working in the project.

Since last year's (2002) Voorburg group meeting in Nantes, Statistics Finland has made some progress in the area of PPI for Services. We have started data collection in the following service industries:

Construction machinery and equipment rental services (ISIC 71)  
Market research services (ISIC 7413)  
Labour recruitment services (ISIC 7491)  
Industrial cleaning (ISIC 7493)

### *1.2 Other achievements*

#### *1.2.1 International trade and services*

Statistics Finland has collected data for International Trade in Services since statistical year 1999. The first publication included the description of the methods used at Statistics Finland to compile statistics on International Trade in Services. The second publication appeared in December 2002. The purpose of the statistics is to describe the export sales and import purchases of Finnish enterprises by type of service and by target country. The produced data are primarily used in balance of payment statistics. However, the information is also utilised in national accounts in producing data concerning the rest of world. Data are additionally transmitted to Eurostat, the European Central Bank, the International Monetary Fund and OECD.

The data are primary collected from all enterprises known to practice international trade activity in services. In addition to this, random sampling is used to detect previously unknown actors in this field. The classification used in the statistics is the Extended Balance of Payments Services (EBOPS) classification. The statistics mostly focus on services of the business-to-business type, but also take into account services obtained or offered for personal training or recreation purposes. The scope of the statistics does not extend to financial services, transport export services and insurance services, although data are collected of the latter two. Efforts are made to improve the collection and quality of the data prior to their publication. The used country division consist of a group of 21 countries defined by Statistics Finland (EU Member States individually, USA, Japan, Russia and Estonia) and the rest of the world.

## 1.2 Information Society statistics

### 1.2.1 e-commerce in enterprises

In January 2003 Statistics Finland launched the fifth survey on the use of Information and communication technologies in enterprises with a special focus on the use of the Internet and electronic commerce.

The results show well the penetration on ICT and the Internet in enterprises, the purposes for which the Internet is used or the problems and barriers related to Internet sales, and the amount of e-commerce and EDI-commerce. The survey is part of regular program in Statistics Finland. The approach follows closely the Eurostat pilot survey.

### 1.2.2 Consumers' e-commerce

In 2002 and 2003 Eurostat co-financed pilot surveys on the Internet and e-commerce in households/individuals. Statistics Finland has monitored consumers' e-commerce biannually since November 2000, the spring round now being part of the Eurostat exercise.

### 1.2.3 Telecommunications statistics

The development and production of Telecommunications Statistics was moved from the Ministry of Transport and Communications to Statistics Finland at the beginning of 2003. The project for transferring the tasks and guidelines for development with the ministry and principal data providers was carried through in the winter 2003-2003. The publication describing the infrastructure for fixed and mobile communications, the market structure etc was published in August 2003.

### 1.2.4 On the Road to the Finnish Information Society IV

The fourth volume on the publication will be ready in October 2003, describing the change towards the information Society using different statistical indicators i.e. infrastructure, employment in the ICT sector and the Information sector, foreign trade, education, use of PC and the Internet etc...

## 1.3 Ad Hoc issues

### 1.3.1 Sales by service products (measurement of turnover or detailed products)

In the area of *Business Services*, Statistics Finland has been involved in Eurostat development project. The main focus is to develop data collection on products and clients in selected business services activities. It is quite evident that our knowledge of services sector production and clients are lagging far behind that of manufacturing. In 2002 a rather extensive survey covering computer services, advertising, technical services etc. was launched. The pilot survey showed that it is possible – though not always easy – to collect information on this area. The current development on services price indices together with the National Accounts will increase future pressure for production data on services.

In the area of *Distributive Trade Statistics* Statistics Finland started a project to produce trade statistics by products in 2001. The guidelines for these statistics are defined in the SBS-regulation Series 3D and 3F (Structural Business Statistics). According to the regulation, the first results were hoped to have for statistical years 1997 (for NACE class 52 retail trade), 1998 (for NACE class 51 wholesale trade) and 2000 (for NACE class 50 motor trade). Finland did not have possibilities to launch data collections for years 1997 and 1998, but we had results for year 2000

for motor trade. The project will be continued by producing statistics for retail trade in 2002 and wholesale trade in 2003.

### 1.3.2 Short term indicators

In the area of services, Statistics Finland produces regularly following short-term business indicators (excluding specific transport and tourism statistics):

- Monthly turnover indicator for trade and other services
- Monthly indicator of wages and salaries for trade and other services
- Quarterly indexes of turnover, and of wages and salaries, and value of inventories in trade (delay 50 days). These indicators are supplied to quarterly national accounts and not published as such.

*Main achievements since autumn 2002.* The publication delay of monthly indicators of turnover and, of wages and salaries have been reduced with around one week. The delay is now 76 days for turnover for other services and 47 days for other monthly indicators. Since June 2003, Finland has participated with a delay of 30 days in the country-stratified European sample for retail trade index. Base year 2000, NACE 2002, some methodological improvements and internet-based questionnaires were implemented during spring 2003. Also the production of a new regional monthly indicator of number of persons employed was started.

### 1.3.3 The Survey on Enterprise Relations

Finland takes part in the ad hoc survey on Inter Enterprise Relations. The survey is partly financed by Eurostat and will be carried out in eight EU-countries. The in-depth testing of the draft questionnaire was a very important but time consuming phase of the project. Some cognitive interviews were used to test draft questionnaire or individual questions and concepts. Testing results were utilised in the finalisation of the specifications of the ad hoc survey. In Finland the survey will be carried out in the co-operation with The Confederation of Finnish Industry and Employers already having valuable experience in surveying enterprise networks.

The survey was launched in August 2003. It covers all the basic industries and was sent to 2 500 enterprises. The results will be analysed during the autumn 2003.

## 1.4 Classifications

The revised version of SIC (Standard Industrial Classification) 2002 which is based on the NACE 2002 has been implemented in the Business Register. The updated classification is used since the beginning of 2003, meaning that monthly, quarterly and annual statistics for 2003 onwards follow the revised classification.

During 2002 Statistics Finland consulted data users and data providers of their needs towards the 2007 ISIC revision and participated the Eurostat work on the revision, which will continue during the coming years.

The CPA 2002 has been implemented as such with no national specifications.

## 2 The main issues and challenges facing the country or organization

### *PPI for services*

The most important developing issue is the PPI for services. In 2003-2004, we will continue to widen the coverage of the index by starting the price collection in following service industries:

Industrial cleaning (ISIC 7493)  
Detective, guarding and security services (ISIC 852)  
Road traffic freight transport services (ISIC 6433)

We will also continue studying the possibility to produce PPIs for Services by combining CPI and PPI price collection procedures in relevant service industries.

So far, there are no publications on any service industry. A new data system for price collection and index calculation is under process. This process has been delayed due to lack of resources. No publications will take place before this process of creating new data system is finished.

### *Short term indicators*

The timeliness of monthly turnover indicators should still be improved: retail trade should be speeded to 27 days and other services to 60 days. Quality work will cover, for example, improvement of working day and seasonal adjustment methods. New monthly business indicators are being developed for profitability and competitive position. Further development of number of persons employed indicator include monthly calculation and publication on the level of the whole country.

### *Information Society Statistics*

The scope for measuring e-commerce in terms of technologies used and the volume is very technical. To improve the measurement tools will be under the agenda as well as developing measures for the impacts of the use of ICT in enterprises. Measurement of eCommerce is only a part of eBusiness processes, which need deeper analysis. Measuring ICT investments/expenditure will probably be a common Nordic methodological project during 2004.

## *3 The priorities of the work program for the next years*

Statistics Finland continues the work with PPIs, international trade for services, and networking within enterprises, but due to lack of resources no quick progress will be available. Measuring intangibles and human capital would be included on the list of priorities in case financing could be arranged. Development work and tasks regarding EU regulations for statistics will be fulfilled also within the area of services statistics.

## *4 Future topics which are of interest to the Voorburg Group for inclusion in the next program*

As the classifications of activities and products are to be revised in 2007, the Voorburg Group may and must offer another forum for worldwide discussions.

The development PPIs for services is still in its elementary phase in many countries and needs further elaboration.

Networking and outsourcing are changing the business environment, our knowledge how to measure changes in business structures or the impacts to productivity and growth is not very clear.

As more and more commodities are intangibles, which are not easy to define or ask from respondents, the survey methodology should be tested, reported and discussed e.g. in the Voorburg Group.