

10 September 2004

## **EUROSTAT PROGRESS REPORT TO THE VOORBURG GROUP – 2004**

### **1. Section “Short-term Statistics (STS)”**

#### *1.1 Main achievements in 2003-2004*

The implementation period of the Short-term Statistics (STS) Regulation formally expired in June 2003. Despite this deadline, serious non-compliance issues remain for some Member States and the progress is being closely monitored by the STS Section. Among the Principle European Economic Indicators (PEEI), the compliance is not well advanced for “industrial new orders” and “turnover in other services”. Nevertheless, due to the strict monitoring of the compliance also on political level, the progress of the implementation is advancing quickly.

Beside the implementation of the current STS Regulation, a draft Amendment Regulation has been developed and presented to the European Commission. It is currently being discussed in the European Council. One of the main objectives of the Amendment Regulation is to strengthen the service sector statistics. The draft has been agreed with the Member States within the statistics related working groups and committees.

The draft Amendment Regulation foresees progress in the following areas of the service statistics:

- addition of the variable “service prices” in selected service sectors;
- reduced deadlines for the “turnover” variable from 3 to 2 months;
- reduced reference period for the “turnover” variable from quarterly to monthly, on the condition of a successful feasibility study;
- addition of the variables “hours worked” as well as “wages and salaries”, again on the condition of a successful feasibility study.

In case these feasibility studies will come to positive results, a facilitated procedure (comitology) will give them a legal status.

#### *1.2 Main issues and challenges*

The most important aspect in the Amendment Regulation has certainly been the inclusion of service prices indicator. Eurostat is, in cooperation with the OECD, engaged in a Task Force, which identified the priority activity levels and is currently also developing a Methodological Manual for service prices.

### **2. Section Classifications**

#### *2.1 Main achievements in 2003-2004*

Eurostat is currently engaged in the so called “Operation 2007”, dealing with the revision of the EU classifications of economic activities (NACE) and products (CPA). The revisions are strictly linked to the revisions of ISIC and CPC, respectively.

The work in 2004 focused on the revision of NACE, and in cooperation with the NACE/CPA Task Force a draft structure of NACE was produced and submitted for consultation to all Member States, to Industrial Associations and other EU institutions. Such a consultation was launched in May 2004 in conjunction with the UN consultation on the draft ISIC, which included many questions on the proposed structure and explanatory notes. Eurostat received comments and proposals from 65 institutions, including the European Central Bank. The ECB welcomed the increasing detail for the service sector. The replies are being analysed and it is hoped that, as it happened in 2003, an EU common position could be presented at the UN Technical Subgroup.

The consultation launched by Eurostat included a call for proposals for CPA, in view of its revision. The number of replies is less than expected, and proposals are being analysed.

Concerns have been expressed on the consequences of the classifications revisions on statistical data, in particular on possible breaks in time series. Eurostat has set up two task forces (an internal one and one with Member States) to deal with implementation aspects, e.g. the possibility of providing back-data.

#### *2.2 Main issues and challenges*

Eurostat plans for 2005 focus on the approval of the NACE and CPA Regulations by the Statistical Programme Committee, the drafting of the explanatory notes, the preparation of correspondence tables and related translations in 20 languages. In 2005 the implementation date of the revised classifications will also be decided. The implementation aspects will also be discussed and possibly solved.

#### *2.3 Future topics of interest for next program*

One of the main concerns related to the revision of classifications refers to the change in time series and this issue could be one of the topics to be included in the next program.

### **3. Activities of Eurostat in the field of Information Society Statistics**

Statistics on the information society remain of vital interest for European policy makers in order to follow the structural changes in the economy. Eurostat has continued the annual European Community surveys on the ICT use in enterprises and in households/by individuals in order to benchmark the ICT-driven social and economic development. These surveys are conducted by the National Statistical Institutes (NSIs) of the Member States based on the Eurostat model questionnaires, which have been developed and regularly updated in close cooperation with the NSIs and the OECD.

The 2004 survey will include data from most of the new Member States and Island, Norway, and the Candidate Countries Romania and Bulgaria. In addition, 11 Member States have conducted a pilot on ICT usage in enterprises of the financial sector. Preliminary experiences will be discussed at the Eurostat IS-WG meeting in November 2004, a revised set of variables will be proposed in spring 2005.

Following the request of the Council of the European Union, Eurostat, in close co-operation with the EC Joint Research Centre and other General Directorates, conducted a pilot exercise for a composite indicator 'e-business index'. That pilot is based on twelve variables from the ICT usage survey 2003 (enterprise survey). Results indicate the feasibility of building such a composite indicator on e-business readiness. However, a high correlation of single components seems to limit its meaningfulness. A follow-up study will be done on 2004 data before discussing a revision of single components for improvement.

### *3.2 Main issues and challenges*

On 30 April 2004 the European Parliament and the Council adopted an EC Regulation on Information Society Statistics for the above mentioned surveys to ensure harmonized data for all EU-25 Member States from 2006 onwards. A methodological manual for these surveys has been started in close co-operation with MSs and the OECD, and a first draft will be discussed at the Eurostat Working Group in November 2004.

Indicators on e-government at EU level will be further discussed. For the 2005 survey, a new item on e-procurement has been introduced. Areas to be addressed are quality and efficiency of online-services, correlation between supply and demand side, and comparability of e-government services with regard to efficiency and usability. Aspects to be considered are restrictions for nationwide comparability of e-government due to different priorities set in the countries, and structural differences in tasks, political & administrative organisations. One solution could be indirect measurement, e.g. by user surveys.

Finally Eurostat is planning for a pilot survey concerning ICT investment and expenditures. Results could form the basis for analysing the impact of ICT investment on productivity. Another method to assess that impact is the linkage of data collected in the Community survey on ICT usage and e-commerce with other national firm level data. Results of national projects indicate that such methods could improve analysis of the existing data without additional burden for the respondents.

## **4. Activities of Eurostat in the field Measurement of turnover of detailed products**

### *4.1 Main achievements for the period 2003-2004*

From the Voorburg group program Eurostat unit D3 and its section Structural Business Statistics was active in the area "CPC and turnover (measurement of turnover of detailed products)" during the period 2003 – 2004.

The business services development project, whose aim is to develop harmonised statistics at EU-level, was evaluated in the spring 2003. The turnover figures broken down by product and client obtained from the project so far were found to be encouraging and of good quality.

The second harmonised data collection on business services was launched later in 2003 – contracts with the participating Member States were signed just before end of the year. Preliminary results for the reference year 2003 are expected by December 2004.

#### *4.2 Main issues and challenges*

The main objectives in the business services development project are to secure a regular data flow to the users, further develop the methodology and extend the project to cover new Member States. The main challenge is to achieve the above objectives.

#### *4.3 Priorities of the work program for the next years*

A third harmonised data collection and further development work will continue the business services project. Reasons for, barriers met and types of cross-border trade and relations will be collected and new Member States will be included. At the same time the work to amend the SBS Regulation will continue with a view to reflecting the grown importance of the service sector in the economy. The overall goal is to put services statistics on equal footing with statistics on the manufacturing sector. Among other things this will require a more detailed breakdown by economic activity and a collection of additional variables from business services – the turnover variable will be broken down by product and client. The client break down will include a further break down by type and resident. The resident breakdown enables the analysis of the export of business services.

Demand for services: This development project aims at a breakdown of the variable “total purchases of goods and services” for what concerns its services part. Nine countries participate in a harmonised data collection, and most other European countries are able to provide some data on the demand side of services. Results are to be expected by February 2004.