

19th Voorburg Group meeting on services statistics 2004 Progress report for France

1. The main achievements in the recent period

1.1. Producer price index for services

The scope of prices collection of business services is continuously expanding. At the middle of 2004, price indices are available for engineering services, advertising, accounting services, business-cleaning services, car renting, construction equipment renting, investigation and security services, business consultancy and IT services. The corresponding sectors represent altogether a little more than 50 % of the output of business services.

Preliminary works are currently carried out in the field of telecommunications and temporary work recruitment. Generally speaking, we expect to cope with the requirements of the revised European regulation on short term statistics, in terms of the branches covered as well as in terms of time limit.

At the beginning of 2004, an Internet data collection has been offered through a dedicated website: this is expected to alter the work of the data analysts, allowing them to concentrate on difficult cases.

1.2 Classification of service activities and products

A large consultation of the professional organizations has been organized in Spring 2004 in order to collect their reactions to the revised ISIC proposals. In particular, different meetings were organized, and a number of written contributions were received in the field of services: they contributed to the definition of French amendment proposals to be discussed in the international working groups.

1.3 Information society statistics

The annual survey on all types on telecommunication operators is now conducted on a current basis. It gives detailed information on the market shares of the different services offered, but it still remains difficult to collect data on the volume of transmission. This survey is carried out in cooperation with the French regulation authority that collects information from all the enterprises subject to the regulation. As the scope of the regulation will be enlarged, the current surveying process has to evolve in the near future.

The detailed results of the ICT usage survey in enterprises will be disseminated in 2004 on a CD-ROM jointly published by INSEE and the Ministry of Industry.

A second survey on Internet B2C has been conducted in January 2004, covering not only the retail trade sector, but also some sectors of services to households and some manufacturing industries where Internet direct sales are not negligible: a first one had been carried out (only on the retail trade sector) at the end of 2000. First results of this second survey are expected for the end of 2004: they will allow to monitor the development of the supply of this distribution channel, as well as its factors and characteristics.

Using other sources as a supplement to the results from this survey (such as the family budget survey or e-commerce data coming from the ICT usage survey or the annual business surveys, as well as professional data), a general overview of the Internet sales will be sketched by the end of this year.

A regulation on information society statistics has been implemented at the European level in March 2004. The data to be collected will be precisely defined at the end of this year: this will most probably require to carry out annual surveys on this topic, on enterprises and on households, from 2005 onwards.

A survey on the management of intangible assets within firms will be launched from October 2004: because of the topic, it was thought necessary to use as statistical unit not the legal unit (which is our traditional survey unit) but the enterprise group any time the legal units are part of such a group. This survey thus appears innovative not only because of its topic, but because of the specific sample frame and surveying process that have to be implemented.

1.4 Sales by services products

Since their implementation, the annual business surveys on the trade and service sectors have a question on the breakdown of turnover into a detail of products that goes further than the present CPC. This has proved to be a very efficient tool to collect data, and gives an essential information for national accounts, for the weighting of price indices, and more generally for a more accurate description of the concerned activity. INSEE participated to an exercise under the Eurostat supervision about breaking down turnover by product, by type of clients and geographical destination. The French annual business survey proved to be a very good vehicle to deliver this information.

1.5 Short term indicators

To meet the European requirements, it has been necessary to develop a method for estimating a timely index of retail trade turnover (available 30 days after the end of the month): this index has been published since the data relating to January 2004. Work is also under way to establish a monthly turnover index for the small retail trade enterprises (less than 10 employees), following the demand of the Chambers of Commerce.

1.6 Non profit institutions

A work aiming at estimating aggregates for the non-profit sector was launched at the end of 2003. The main objective of this project is to make national accounts more exhaustive. To this end, it was considered useful to try to construct a satellite account set up in line with the recommendations of the UNO international manual, for a baseline year (2001). The general idea is to rely on the wage data that can be drawn from the social security files in order to estimate different income and expense aggregates using specific ratios.

2. Main issues and challenges

2.1 Requirements of the European statistics

The development of service statistics is a European public statistics priority which has to be supported: it is generally a question of upgrading data available on businesses in these sectors to bring them up to the level of data available in manufacturing industries. In this respect, some sectors providing services to individuals, not currently included in the annual business survey (and also not in the European projects), probably deserve to be included in the French surveys, together with financial auxiliary services. As far as short term statistics are concerned, our efforts have to be put on the timely processing of the VAT.

It is in relation to the price of business services that significant progress will continue to be expected in coming years. In this respect, French concerns are included in the Eurostat project for which priorities are currently being defined, in order to harmonize work between the various member States. The indices listed as top priority should be available in 2005, further cover extending beyond this date.

2.2 The overhaul of the French business statistical system

The tertiary sector will be hit along with other sectors by the overhaul of the business statistics system planned by INSEE in the coming years. This revision process aims in particular at rationalising the

procedure covering annual surveys and the use of fiscal data, in order to produce sets of statistical data that, if not quite unique, will at least be more clearly linked.

Hitherto based essentially on the observation of legal units, the business statistics system also needs to evolve in order to take better account of enterprise groups.

3 . Future Topics

Producer price index

The present session is without any doubt a success, and it is probably worth to go on during the next three years just like the session is conducted now, expanding the covering of the principal papers. As the amount of methodological material is increasing, some attention should be paid to keeping a real overview of the whole, in order to ensure a real consistency in the guidelines. Some reactions from the users are also very useful for the quality of the statistical output, and price statisticians also get information that go beyond only monitoring prices. For all these reasons, although I think that in-depth technical discussions remain essential, my opinion would be to try to benefit from any opportunity leading to also have discussions on price issues in plenary sessions (but of course without transforming this attempt into an obligation, which would make the links quite artificial).

Information Society

The Voorburg Group has been up to now another annual meeting point, beside the OECD WPIIS, for the statisticians from different countries working on Information society, at the time when the subject was emerging and started to be in the limelight. After this fruitful experience, it is perhaps time to have a clearer view of the concrete output that can be expected from the Group on this matter. Actually, the scope of the "information society" is potentially so large that there is a double risk: first, to only have a collection of papers and presentations without dialogue between them, which means no common work; secondly, to weaken the links with the service statistics, and thus the internal cohesion of the Group. Nevertheless, a lot of work remain useful in this field, but it would be better (to my view) if the Voorburg Group would focus on the topics more directly linked to the service sectors/products. Two kind of issues (among others ?) emerge:

- e-business process in the service sectors, including financial sector (and government ?): as possible output, model surveys may be elaborated, in connection with the works of OECD and Eurostat),
- the content sector (definition – in relation with the work on ISIC, measurement, analytical needs, etc.)

Classifications

This topic is obviously a major one in the context of the ISIC/NACE and CPC/CPA revision. The work program of the Voorburg Group on this topic must be built according to the time table of this revision. The Group could for instance contribute by making proposals for the explanatory notes relating to some service sectors. It could also provide aggregates for new sectors or products, or elaborate bridge tables between former and revised ISIC.

The experience made this year of mixing the topics of CPC and detailed turnover in one session is worth to be checked, in order to see how and when the question of multi-activity has to be dealt with.

Index of service production

OECD is presently working on a manual, whose broad lines will be presented at the 2004 meeting: it is supposed to be final in 2006 (perhaps even earlier). At the end of this work, some lacks or gaps in the available or statistical tools or information could emerge, requiring further investigation.

Whether the VG has to invest on this topic depends thus first on the conclusions the OECD working group. But at least, information has to be given, for possible reactions: for the implementation of such indexes, through their methodological choices, may have great implications on the general business statistical system, from the direct monitoring up to the national accounts, and it is necessary to avoid inconsistency.

International trade of services

The revision of the Balance of Payments manual raises the question of thinking over its classification for services, with (but not only) heavy problems such as monitoring the flows of intangible goods and assets. But this revision also meets the concern of studying globalisation in the field of services, including the critical concept of offshoring. Once more, the OECD has started with some definitions and a study focused on the IT sector at the international level (see "International sourcing and offshoring", DSTI/ICCP/IE(2004)9, OECD, 17 May 2004).

Around the theme of international trade could thus join technical points and more analytical needs; the fact that members from very different countries (thus not having the same views of the problems) could discuss together would reinforce the interest of working on this topic in an international forum such as the Voorburg Group.

Outsourcing and links between services and manufacturing

The issue of outsourcing (at national level) has some common points with the issue of international trade/offshoring: this issue could thus be considered together with the previous one (as well as with the following one with another entry point). Specific surveys on demand for services have been conducted in many countries, from which experiences could be drawn. Input-output tables give aggregates, with the advantage of great macro-economic consistency. But probably, micro-data analysis, like in a new OECD project, may give alternative information on this matter.

Employment characteristics

Also linked to some of the issues listed above, but with another starting point, comes the topic of employment characteristics: technical content (technical being understood in a very broad sense), employees' job vs. enterprise's main activity, which would mean to study employment not only in the service sector but also in the manufacturing industry, in order to approach the outsourcing issue.

A better knowledge of employment is, beside improvements in the measurement of volumes (thus of prices), another way to improve the monitoring of labour productivity; it may also lead to a better understanding of the potential labour demand in some service sector.

Structural business data

This topic was suggested by the discussion with the OECD, which noted great inconsistency in the structural data it gathers from the member countries, due to differences in units, in variables, etc. An OECD document, pointing these difficulties, could be a starting point. Some of the reflections on the preferable guidelines may be worth to be conducted in common with the work on index service production. But some further questions may also be raised in the context of looking at the structural data:

- which statistical unit (enterprise/establishment, but also the treatment of ancillary units, which has great impact on the measure of the service sector)?
- do we have to produce the same variables for services as for manufacturing, or are sometimes other concepts useful?
- do we have to use the same size classes?