

Progress report of Statistics Finland

18th Voorburg Group Meeting on services statistics

1 The main achievements for the period 2003-2004

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 a present the average resources used for the development and price collection equals approximately 3 persons yearly working hours.

After last year's (2003) Voorburg group meeting in Tokyo, Statistics Finland has made some progress in service prices. Currently Finland is collecting data from industries that are presented in the summary table in appendix 1.

The indices have not been published yet, so far they have been produced for quality evaluation. First indices will be published in October 2004 for the following industries: Textile care and rental services, Accounting, book-keeping and auditing services, Legal service, Hotel accommodation services, Technical testing and analysis.

During 2003 and the beginning of the 2004 Statistics Finland carried out a feasibility study on possibility to combine CPI and PPI price collection procedures. The project was partly financed by EUROSTAT. For some industries the results were encouraging. In November 2003 Statistics Finland launched development project on prices of data-processing services. The Results are expected in the end of March 2005.

1.2 Other achievements

1.2.1 International trade in services

Statistics Finland has collected data for International Trade in Services since statistical year 1999. The first annual publication included description of sampling and estimation methods used to compile statistics on International Trade in Services as well as results obtained by annual survey of international trade in services. Since the first publication scope has been broadened to include other matters relevant to internationalisation of Finnish enterprises main emphasis still being on international trade in services.

The purpose of the statistics is to describe Finnish enterprises' international sales and purchases of services by service type and target country. The data are primarily used in balance of payment statistics. However, the information is also utilised in national accounts in the production of data on the sector "rest of the world". These data are additionally transmitted to Eurostat, the European Central Bank, the International Monetary Fund and OECD.

The data are primarily 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 compilation of 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 personnel training or recreation purposes. Included are also certain immaterial rights, such as royalties and licence fees.

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The scope of the statistics does not extend to financial services, transport services and insurance services, although data are already collected on all of these. Data on these services will be published when the definitions and the data collection process are sufficiently advanced. The division of trade partner countries consists of 24 countries defined by Statistics Finland (EU-15 Member States individually, Norway, Switzerland, USA, Canada, Japan, Russia and Estonia and since statistical year 2003 also India and China) and the category "Rest of the world".

1.2.2 Distributive trade statistics

The guidelines for the Distributive Trade Statistics are defined in the SBS-regulation Series 3D and 3F (Structural Business Statistics). This project has been continued by producing statistics for retail trade in 2002 and data collection for wholesale trade concerning statistical year 2003 has been started. Regional statistics on distributive trade concerning statistical year 2004 will be based on administrative data.

1.3 Information Society statistics

1.3.1 ICT and e-commerce in enterprises

In January 2004 Statistics Finland launched the sixth survey on the use of Information and communication technologies and electronic commerce in enterprises.

The survey gives basic information on the penetration of ICT in enterprises, the purposes for which the Internet is used and the problems and barriers related to Internet sales, and the amount of e-commerce (Internet and EDI). The survey is part of regular program in Statistics Finland. The approach follows closely the Eurostat framework for ICT survey.

1.3.2 ICT and e-commerce in households

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 and ICT use biannually since November 2000, the spring round now being part of the Eurostat exercise.

1.3.3 Telecommunications statistics

The compilation of annual Telecommunications Statistics was transferred from the Ministry of Transport and Communications to Statistics Finland at the beginning of 2003. The project for developing the contents of these statistics was carried out in the winter 2002-2003 and the first volume of telecom statistics produced by Statistics Finland was published in August 2003. The second volume, covering figures up until 2003, was published in August 2004. The phenomena covered by the publication include data on telecommunications infrastructure, volume, turnover and personnel etc. as well as on utilisation of ICTs in Finland.

1.3.4 On the Road to the Finnish Information Society IV

The fourth volume on the publication 'On the Road to the Finnish Information Society' was published in the end of 2003 (in English in February 2004). This compilation volume describes the development in the Finnish Information Society using different statistical indicators and large amount of statistical data, i.e. infrastructure,

employment in the ICT sector and the Information sector, foreign trade, education, use of PC and the Internet etc.

1.3.5 ICT investments

During 2004, Statistics Finland has participated in the Nordic project that deals with ICT expenditure and investment. The aim of the project is to develop and provide guidelines on methodological recommendations and to propose indicators for business surveys on ICT investments. The completion date of the project is 31 October 2004.

1.4 Ad Hoc issues

1.4.1 Sales by service products

In the area of *Business Services*, Statistics Finland has been involved in Eurostat development project. The main focus was 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 data was completed in June 2003. 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.

1.4.2 Short term indicators

In the area of services, Statistics Finland produces regularly following short-term business indicators/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 (these indicators are supplied to quarterly national accounts and not published as such)
- Monthly indicator of number of persons employed (chargeable service, produced only for some regions)
- Monthly accommodation and quarterly tourism statistics.

A new monthly turnover index of retail trade was developed during 2003. This index is used by Eurostat in compiling European level index. In the beginning of 2004, the index was speeded to 27 days. In general, data collection and publication has been speeded-up with few days for many other indicators as well.

A new business indicator of competitive position was completed. This indicator describes in more depth the patterns behind the average growth rates, for example, the contribution of small and medium sized enterprises or local enterprises to the average growth rate of the branch.

In the area of services, three internet-based questionnaires were implemented during 2003. The launching of web-questionnaires have been a success: they have been welcomed by respondents and 50–70 per cent of respondents are using them. The quality of incoming data has improved and data collection process has rationalised.

1.4.3 The Survey on Inter-Enterprise Relations

Finland took part in the ad hoc survey on Inter-Enterprise Relations, which was carried out in eight EU-countries and financed by Eurostat. The data collection of 2680 enterprises was in autumn 2003 and it was done in the co-operation with The Confederation of Finnish Industry. The response rate was 35 %. Employment size of 10+ from all the basic industries was covered. The survey was launched to get knowledge on the nature, motivations and trends in the various types of inter-enterprise relations that exist between enterprises. The results showed that the great majority of enterprises have inter-enterprise relations, in manufacturing and in bigger enterprises the rates are little higher and outsourcing is the most common type of relations. The most important reasons for engaging into inter-enterprise relations in core activity were cost reduction or economic scale, lack of in-house resources and increased flexibility. Inter-enterprise relations was regarded as a positive impact on the competitiveness in the past as well as in the future. The biggest barrier that was thought to be preventing or obscuring inter-enterprise relations was availability of suitable partner. The results of the survey was reported during 2004.

1.4.4 Demand for Services

Finland takes part in the ad hoc survey on Demand for Services. The survey is partly financed by Eurostat and will be carried out in eight EU-countries. The pre-testing of the questionnaire was done in spring 2004 and the results were utilised in the finalisation of the survey. The survey is planned to be a tool for enlarging knowledge about the interaction between the services sector and the remaining part of the economy. The starting point of the survey is the demand side, measuring the use of services across several economic activities and who is the main service provider, enterprise itself or external enterprise. Perceived barriers for purchasing services outside own country and future of purchases of services are also things to be asked in the survey.

The survey will be launched in October 2004. It covers all the basic industries and will be sent to 2000 enterprises. The data will be analysed by the first quarter 2005.

1.5 Classifications

Preparatory work concerning the revision of industrial classifications in 2007 was put into operation. First drafts of ISIC and NACE were studied and commented on. Statistics Finland participated in the Eurostat work on defining joint European position on the drafts.

The drafts were presented to Finnish interest groups and industrial associations of special interest. They were consulted on premises, principles and timing of the revision.

2 The main issues and challenges facing the country or organization

2.1 PPI for services

The most important developing issue is the PPI for services. In 2004-2005, we will continue to widen the coverage of the index. There are still 4 EUROSTAT's priority class 1 industries where no progress is made namely: Sea and coastal water transport,

Storage and warehousing, Architectural and engineering activities and Business and management consulting.

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. The first five service price indices will be published in October 2004.

2.2 Short term indicators

Statistics Finland is presently renewing seasonal and working-day adjustment in order to change over to TRAMO/SEATS -method. The change of method enables more extensive utilisation of seasonally adjusted data.

Monthly turnover indicator for other services (i.e. services excl. trade) should be speeded-up from 75 days to 60 days in the beginning of 2005. Individual enterprise level estimation method is being developed.

New short-term indicator is being developed for profitability position of businesses. Further development of number of persons employed indicator include monthly calculation and publication on the level of the whole country (now produced only for some regions as chargeable service).

By Statistics Finland's decision every direct data collection must offer the option to answer electronically instead of a paper form by the end of 2006. Web-questionnaires should still be developed for three short-term inquiries.

2.3 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 e-commerce is only a part of e-business processes, which need deeper analysis. Project on measuring ICT investments/expenditure has been a common Nordic methodological project during 2004 and one future challenge will be the gathering of information on this field.

3 The priorities of the work program for the next years

Statistics Finland continues the work with PPIs and first indices will be published in October 2004. One of our focal aims is to start the methodical work for generating statistics of service products/ industries. 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 of PPIs for services is still in its elementary phase in many countries and needs further elaboration.

The development of PPIs for services create increasingly better chances for statistics of service products. The support for methodological development in this area should be needed in many countries. The measure of ITC investments is coming more and more topical. The subjects to that should also be discussed in the Voorburg Group.

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.