

**CONFERENCE OF THE DIRECTORS GENERAL
OF THE NATIONAL STATISTICAL INSTITUTES**

Palmela, 28, 29 and 30 May 1986

Item 2 on the Agenda
Statistics on Services

STATISTICS ON SERVICES

I. INTRODUCTION

The purpose of this document is to outline to the DGINS conference the Community requirements for statistics on sectors 6 to 9 in the NACE - this group of sectors will be referred to as the "Service sectors" or "Services" - and to suggest projects for both the short term and long term of Statistics on Services.

This exercise has been undertaken in response to a pressing request from the Commission but also to requests from several Member States which have been calling for action of this kind for some time.

II. TREND IN DEMAND

1. Background information

Until very recently, Community demand for statistics on Services was piecemeal, spasmodic and indirect. Some areas, such as transport, international trade in services and research and technology, developed as a result of specific pressures.

However, there is an ever more pressing need in the Community for a comprehensive approach to "Services" as a whole, and some of the more recent projects suggest that in the near future Statistics on Services will be one of the mainstays of Community statistics.

2. Present situation in the SOEC

At the moment, 10% of the projects included in EUROSTAT's 6th statistical programme have a substantial "Service" content, and more than 25% contain aspects connected with Services. All these projects are spread over all the production departments of the Statistical Office. For reference purposes we list below the projects which can be considered to relate to activities under headings 6 to 9 in the NACE (the numbers preceding them are those used in the 6th programme).

- B1011 Volume measurements for non-market services
- B2015 International trade in services
- B3004 Quantity and price measurements for non-market services
- C1008)
- C2210) Transport
- C2220)
- D2009 Structure and activities of services
- D2010 Retail trade turnover index
- D2011 Research and development
- E2010)
- E2011) Social protection -receipts and expenditure
- E2012)
- E3003 Health
- E3005 Education and training

Although these projects may appear numerous, they nonetheless fail to cover the "Service" sector properly, the resources allocated to most of them are inadequate and, above all, they do not meet the present requirements of Community policies satisfactorily. Apart from the attention paid to services for the purpose of the national accounts, only the "Transport" sector has seen any statistical developments and, more recently, "International trade in services" has become important in GATT negotiations.

3. Community policies and Statistics on Services

Developments in community policies in the more or less recent past have created a need of reliable, up-to-date statistics on general and specific aspects of the service sectors, and this need will continue to be felt in the future.

a. Several Community policies require better statistics on the Service sectors as a whole.

- For the purposes of social policy, there needs to be more information on the role of services in areas such as employment-unemployment, leisure, health, education, etc.
- Regional statistics on services are needed for regional policy.
- Statistics on international trade in services inside and outside the Community are required for the purpose of external policies and particularly the GATT negotiations.
- The objective of establishing a free single market by 1992 means that there will have to be more comprehensive information on the activities of the Service sector in order to ensure the transparency of this extensive market.
- The policy to assist small and medium-sized enterprises, which the Commission is implementing at the request of the Council, creates a need for better statistics on the Service sectors as a whole, because the majority of these enterprises are engaged in the provision of services.

b. Several other Community policies require statistics on specific areas in the Service sector:

- Community requirements in the field of transport have prompted the SOEC to draw up the three Council Directives on transport production statistics.
- Tourism is one of the new areas in which the demand for statistics is most pressing; this is reflected in the communication from the Commission to the Council and the proposals for Community action (cf. Appendix I).
- The SERV programme "Changes in services and technological innovation" administered by DG XII is designed to establish more clearly the scale of services linked to the new technologies.
- Other Community sectoral policies have a direct or indirect need for statistics on services: financial, insurance, communications, information services, etc.

III. A SYSTEM FOR COMMUNITY STATISTICS ON SERVICES

The statistical system on Services as a whole will be achieved by improving and ensuring the ever-increasing convergence of:

- statistics on the structure and activities of enterprises providing Services;
- statistics on international trade in Services;
- statistics on special and priority areas.

We have learnt from experience with Industry that exhaustive surveys are to be avoided, since the volume of work involved means that the findings are not up-to-date. If a system of this kind were to be applied in the Service sector, the results would be even more indifferent and costly than for industry. Frequent, "light" surveys of the panel type, based on the records of reliable, operational enterprises would perhaps be a more satisfactory approach.

The next five years will see the implementation of measures to complete the internal market and for this reason they will also see substantial activity and changes in Community statistics. The long-term development of a system for Community statistics on Services must therefore be viewed in this context, in which it has a major role to play. In view of the wide range and variety of sectors, the system should comprise two approaches:

- a global approach for general, flexible and rapid information;
- a specific approach by high priority area, for specific detailed information.

EUROSTAT is called upon to play a leading role in the implementation of this system and will have to coordinate the efforts of the national statistical institutes and the Directorates-General of the Commission on the one hand, and of the other international organizations concerned on the other hand, in order to ensure an optimal use of resources.

1. The main props of the system

The system is to hinge on the following:

- a. Nomenclatures and methods which are common to the Member States and are sufficiently harmonized with those of the other international organizations.
- b. Registers of statistical units (enterprises, local units): These registers, which have been designed for statistical purposes, contain a harmonized community data base with which it is possible to monitor the "demography" of enterprises and their structural and slowly-changing characteristics. National and/or possibly Community legislation will have to be adopted to ensure that these registers are systematically updated.
- c. General statistics: By reference to these registers and with the aid of random samples and/or representative panels, it is possible to supply up-to-date statistical information on the Service sector as a whole. This should, in theory, be designed to meet requirements for statistics on the short-term economic situation but also to provide estimates for structural variables with a maximum of flexibility.

- d. Specific statistics: Certain priority areas, which may be either horizontal (e.g. international trade in Services) or vertical (e.g. transport or tourism) require more extensive and specific statistical information, based on a system which is specific to that area.

2. Resources

- In the past **inadequate resources** were allocated for the development of statistics on Services, and the situation cannot be improved unless additional resources are allocated to the national statistical institutes and EUROSTAT.
- In order to maximize the prospects of resources being allocated, we will have to attempt to give the system considered most appropriate **official Community status**. Only in this way will it be possible to obtain firm guarantees of funds in a future of budgetary constraints. At the same time, the requirements for new resources necessary for the functioning of the system will have to be analyzed.
- However, pending the completion of these long-term projects, it would be desirable in the immediate future, as a preliminary measure, to continue to adopt a **pragmatic approach** to the task by making the best use of (even unofficial) existing data where no official information is available.

3. Short-term projects

Although it seems difficult to coordinate all the work associated with the various aspects mentioned above, since it is in many cases closely associated with other statistical projects, the horizontal nature of the analysis of Services calls for some measure of coordination on methods, and even at this juncture consideration needs to be given to what these should be.

Community efforts in this area should therefore be directed to the two closely related tasks:

- a. The collection and analysis of data on the basis of sources already available.
- b. The development of the **methodological and legal bases** for the creation of a system of statistics on Services.

What needs to be done in the immediate future is:

- to complete the enquiry into the information available at international and national level: It has also become generally apparent that any unofficial statistics which exist should be investigated, and their significance established by locating them in the coordinated system, if possible;

- to step up methodological work on the concepts and nomenclatures to be used: Work on nomenclatures should be approached from a matrix combining two concepts: the type of service provided and the type of unit providing the service;
- to establish a horizontal data base on Services: EUROSTAT is of the opinion that the volume of information currently available is sufficiently large to justify the effort involved in collecting it.

IV. WORKING CONCLUSIONS

- A "Coordinating Committee for statistics on Service sectors" will have to be created.

This committee will have responsibility for:

- preparing a common basis for the development of a system of statistics on "Service" sectors. More specifically, it will coordinate the efforts of the various working parties on given areas and common problems of classification and methods;
- coordinating the work with that of the other international organizations.
- A meeting of the Working Party on Tourism will have to be convened to draw up the draft Community Directive on the standardization of statistics (cf. Appendix I).
- In the immediate future, to establish and obtain from Community or national sources the resources needed to implement the short-term projects proposed in III-3.
- To continue the work on the international exchanges of services in accordance to the guidelines of Committee 113.

STATISTICS ON SERVICES

APPENDIX I - TOURISM

A. Reference to the Community action

On 5 February 1986 the Commission of the European Communities submitted a communication to the Council on the Community action in the field of tourism, together with three proposals: a project for a better seasonal and geographical distribution of tourism; a proposal for a recommendation on standardized information on hotels and a proposal for a decision establishing a consultation and coordination procedure in the field of tourism.

The communication states that the Community measures are designed to achieve six major objectives; these being:

- to facilitate tourism within the Community;
- to improve the seasonal and geographical distribution of tourism;
- better use of Community financial instruments;
- better information and protection for tourists;
- improved working conditions in the tourist industry;
- an increased awareness of the problems of tourism and the organization of consultation and cooperation.

Furthermore, stressing the lack of reliable, comparable statistics in this area, the Commission has stated that it will submit a proposal for a Directive on the **standardization of statistics on tourism in the Community** and will also arrange for a series of surveys to be conducted by Eurobarometer, one of which will be concerned with Europeans' holiday preferences.

Paragraphs 55 to 59 of the communication contain the summary of the statistical aspect (cf. Appendix I).

B. Areas involved in statistics on tourism

Because of the horizontal nature of **tourism**, several statistical areas have to be involved in any analysis of it. In view of the similarities between this analysis and that of services as a whole, EUROSTAT is trying to incorporate work on statistics on tourism into the broader context of the design and implementation of a system of statistics on services as a whole.

This integrated approach should make it possible to link the requirement for statistics on tourism more effectively with other requests for information on international trade in services (GATT) and the completion of the internal market (common market in services).

The statistical sectors involved in statistics on tourism are essentially:

- **activities connected with tourism**: there are many branches of activity which produce services or goods for the consumption of both tourists and non-tourists. However, certain branches of activity can be considered to be more dependent upon tourism than others: passenger transport (air

transport, for instance), supporting services to transport (travel agents, freight brokers, etc.), hotels and catering (hotels, camp sites, holiday villages, other forms of tourist accommodation, restaurants, etc.), the renting, leasing and hiring of movables, recreational and cultural market services, subsidized accommodation market services, etc.

It would be worth considering the possibility of providing more comprehensive information on tourist activities by means of a more detailed breakdown of the NACE/ISCAP which could be discussed during the current revision of the classifications by the UN/EUROSTAT working party.

- **flows of tourism:** arrivals, overnight stays in the various types of accommodation numbers crossing frontiers, national tourism at home or abroad, national or foreign tourism making demands on hotels and catering facilities in a given region, etc. The standardization of statistics in this sector will be an extremely onerous task, because the national surveys are based on very different legal systems and administrative structures in the individual Member States. However, for an analysis of Community tourism, the system of statistics will have to hinge on this type of information. Strenuous efforts will therefore have to be made to improve the situation, in consultation with the Member States.

- **income from, and expenditure on, international tourism:** the measures described for statistics on international trade in services and the availability of information on international flows of tourism should result in a more accurate geographical breakdown of this item in the balance of payments.

- **satellite account:** the inclusion of a satellite account in balance of payments and national accounts statistics, by increasing the volume of information already available in the general systems, should make it possible to analyse tourism in a broader context. Consideration could be given here to the construction of an **index of tourist prices**.

The study of "input/output" techniques conducted by the OECD is also of relevance to the tourist industry.

- **employment:** in addition to there being a shortage of sufficiently detailed information, real problems are posed by the absence of a classification of relevant activities, the difficulties which have to be overcome in drawing the dividing line between employees and family workers, not to mention the impact of seasonal employment. The Commission is well aware of this problem and will spare no efforts to improve the situation in consultation with the Member States.

- **regional statistics:** the analysis has proved the importance of tourism for the regional development of the Community and the major role which the ERDF could play in this respect. The implementation of Community projects in this sector would entail basic information at regional level on: tourist infrastructure, arrivals/overnight stays in the various types of accommodation, employment, etc. The need for statistical information on the geographical distribution of tourism also needs to be linked to the need for information on **Community environmental projects**.

C. Proposed projects

In order that the information already available can be used for Community projects and that the feasibility of the harmonized of system statistics mentioned in the communication to the Council can be assessed (cf. Appendix - paragraph 57), the approach adopted to this sector should be similar to that adopted for services as a whole, i.e.:

1. Data should be collected and analysed on the basis of sources already available. When statistics are being compiled on enterprises engaged in the provision of services, particular attention will thus have to be paid to branches of activity associated with tourism (see paragraph B above);
2. Methodological and working bases will have to be developed for the creation of a system of statistics that is geared to future requirements.

In the immediate future this will entail:

- establishing all the information available at both international and national level: It has also become universally apparent that there is a need to obtain any unofficial statistics which may exist, and to establish their value in the context of the coordinated system, if possible;
- making a thorough analysis of the requirements of the ultimate users of the information (the Commission and the national authorities concerned) and establishing well-defined priorities since, in view of budgetary restrictions, it will obviously not be possible to carry out all the aforementioned projects exhaustively;
- continuing with methodological work on the concepts and classifications to be used;
- creating a data base for recording the information available on the various economic sectors.

D. Working conclusions

If this approach and the proposed projects meet with the approval of the national statistical institutes, insofar as the additional resources needed to carry out this work are forthcoming, EUROSTAT proposes to:

- include a file entitled tourism in the statistical programme;
- convene a meeting of the Working Party on Tourism, together with the ultimate users of the information, in order to prepare the draft Community Directive on the standardization of statistics and to coordinate the work involved in the aforementioned tasks;
- organize an inter-secretariat meeting with the international organizations concerned (OECD and ILO) in order to discuss how the methodological and other work can be shared.

* * *

COMMUNITY ACTION IN THE FIELD OF TOURISM: Statistics

(Doc. COM (86) 32 final, Brussels, 5 February 1986)

55. Because it is less easy to define and measure services and trade in the services sector than in the production sector, a special effort to adapt and develop the methodology for collecting and analysing statistical data to boost financial resources in this sector is required.

56. Existing statistics on tourism ⁽¹⁾ are not comprehensive and are based on different definitions and collection practices with the result that comparisons between the Member States are very difficult and Community consolidations impossible.

57. Accordingly, the Statistical Office of the European Communities, in collaboration with experts from the Member States, will shortly be undertaking the methodological studies required to assess the feasibility of a harmonized system.

The initial stages will involve:

- collecting and publishing standardized figures on tourist arrivals and bed-nights in various kinds of accommodation, including those offered by social and rural tourism;
- looking into the feasibility of compiling an adjunct to the balance of payments statistics and the national accounts which would expand on the information already available in the main system and throw more light on tourism by placing it in a wider context; this could include the preparation of a "tourism price index".

58. The Commission will therefore present a **proposal for a Directive on the standardization of statistics on tourism** in the Community as soon as possible.

59. The main problems as regards employment are the lack of a nomenclature of activities, the difficulties involved in separating out employees from family workers, and the effect of seasonal employment. The Commission is well aware of these problems and will do all it can to make progress on this front, in collaboration with the Member States.

⁽¹⁾ Statistical series produced by the OECD, the WHO and EUROSTAT.