EUROSTAT ACTIVITIES FOR STATISTICS ON SERVICES

EUROSTAT

VOORBURG GROUP

GROUP

FIFTH MEETING ON
SERVICE
STATISTICS

PARIS FRANCE   OCTOBER 1990

1989/92 Work Programme

1. Goals
2. Strategy
3. 1989 Results
4. 1990/91 Objectives

1.   GOALS

Eurostat has drawn up a multi-annual programme (1989/92) for developing statistics on services with the following goals:

-       to create a European reference framework for statistics on services in order to provide the most appropriate concepts and methods for managing and monitoring Community policies, especially the completion of the internal market;

-       to establish the legal, organizational and technical components of a European statistical information system for services;

-       to promote and support harmonization for present and future developments in the Member States.

2.   STRATEGY

The strategy for implementing the multi-annual programme involves:

-       a Council framework Decision to support the multi-annual programme and the implementing strategy (1990);

-       the development of the methodology for statistics on services (1989/90) and a Commission recommendation for its legal support (1991);

-       the collection of statistics available from official and non-official sources (1989/90), the consolidation of these statistics (1990) and their extension through pilot surveys using the methodology (1991/92);

-       the regular collection of harmonized statistics based on the methodology and legally supported by Council Directives (1991/93).

3.   1989 RESULTS

The 1989 results have already been presented to the EC Coordinating Group for Statistics on Services at its January/90 meeting, and consist of:

-       the definition of the Commission requirements worked out in close cooperation with the Commission departments which use statistics on services;

-       the completion of the preliminary version of the Methodological Manual for statistics on services, which deals with both the general framework and the sectoral aspects;

- the completion of the initial development phase of the <u>MERCURE statistical information system on services</u>: inventory of available statistics, collection of data on priority economic variables, setting up of the production database.

4.   1990/91 OBJECTIVES

The objectives fixed for 1990/91 are:

Methodology

- to collect and integrate the contributions to the Manual sent by the Delegations and the users (June 1990);

- to prepare a proposal for a revised version of the Manual for the next meeting of the EC Coordinating Group (November 1990);

- to present the manual to the OECD Expert Group for service statistics (July/1990), to the Voorburg Group (October/1990) and to the CES (Spring/1991);

- to complete the definition of user requirements by taking into account the information needs of service enterprises (December 1990);

- to develop other methodological aspects not yet covered by the Manual: link to international trade in services, externalization of enterprise functions, integration between statistical variables and accounting normalization;

- to test the Manual through the consolidation of existing statistics and the pilot surveys that are envisaged in the statistical programme for service statistics;

MERCURE Information System

- to consolidate the production base by providing estimates for the missing data on the priority variables (1990) and starting pilot surveys in the sectors and countries where there is a particular data shortfall (1991);

- to improve/develop specific procedures and tools for statistical production in some high priority sectors and sub-sectors: distributive trade, information market observatory, telecommunications (1990/91);

- consolidation/development of the link between MERCURE and the other horizontal EUROSTAT projects on enterprise statistics: short-term statistics, Panorama of EC Industry, SME statistics;

- to promote and support the dissemination of both general and sectoral statistics on services through a consultation database and a programme of publications: "Some statistics on services", "Services yearbook", "Communication yearbook" (1990/91).

Legislation

- to establish a Council framework Decision for service statistics (1990);

- to establish a Commission recommendation on the methodology (1991);

- to establish Council sectoral decision(s) for statistics on priority service sectors (1991/93).

Description of the Action Plan

0. Introduction
1. Methodological manual for statistics on services
2. Statistical information system on services
3. Consolidation of existing statistics on services
4. Pilot surveys on services
5. Development of basic statistical tools
6. Regular collection of harmonized statistics on services

0. INTRODUCTION

The above programme materializes through the following actions:

- Development of a methodological manual for statistics on services
- Establishing a statistical information system on services
- Consolidation of existing statistics on services
- Running pilot surveys on services
- Development of basic statistical tools
- Preparing regulations for a regular collection of harmonized statistics on services.

1. METHODOLOGICAL MANUAL FOR STATISTICS ON SERVICES

The methodological manual will establish a framework of reference for existing statistics on services at national level and for additional data collection measures at the European level. This framework of reference will improve the comparability of statistical data between the different sectors of the "services" entity and different Member Countries, despite the diversity of service activities between the Countries according to different legal systems and practices. The manual will serve as the basic harmonization tool in the staged development of European service statistics. The manual will be published and can in that way also serve as a framework of recommendations for non-official statistics, particularly market research studies, in the "services" entity.

A draft version is already available. The definitive first edition will be released at the end of 1990.

2. STATISTICAL INFORMATION SYSTEM ON SERVICES

The information collected is stored and processed in a horizontal statistical information system on services (MERCURE). The basic objective is to provide all the information required for the Community policies. The information system will include:

- Official statistics on services, collected by statistical offices of Member Countries

- Data drawn from other EUROSTAT projects related to services

- Non-official data on services collected by EUROSTAT in cooperation with other departments of the Commission.

The establishment of this information system includes the creation of a production base, a reference data base for dissemination and a programme of statistical publications.

The first phase of development of MERCURE is being achieved. This stage was aimed at the collection of "non-harmonized" data, which were readily available from existing statistical sources at national level.

3.   CONSOLIDATION OF EXISTING STATISTICS ON SERVICES

Partly existing statistics on services at national level produce data according to national concepts, which are not at all comparable at European level. Therefore the Commission intends to encourage and undertake actions to improve the availability of data on services at European level and to harmonize these data according to concepts developed in the methodological manual for statistics on services. The aim of this consolidation programme is to develop models of ranked, multistage estimations and to apply these models in the case of missing or non-fitting data within the statistical information system on services at European level (MERCURE). The bulk of work within this programme consists of practical estimation work within the different sectors of the "services" entity for all indicators needed and the different years selected.

4.   PILOT SURVEYS ON SERVICES

In order to improve the availability of statistical data on services the Commission intends to encourage pilot surveys in Member States, which do not have a comparable survey instrument within some sectors of the "services" entity. The pilot surveys will:

-       provide some basic statistical figures for the sectors covered,

-       prepare methodologically regular surveys.

These pilot surveys will be implemented according to concepts and methods developed within the methodological manual and will be carried out only in those parts of the "services" entity and in those Member Countries, where there is no statistical basis for consolidation measures (see point 3 above).

The planning of pilot surveys in some sectors of the "services" entity and in some countries has already been carried out.

5.   DEVELOPMENT OF BASIC STATISTICAL TOOLS

In order to improve the availability of data on services by means of consolidation and additional data collection measures on a pilot basis, some basic statistical instruments must be developed, which are not only of use for statistics on services but for a wider range of economic statistics. These tools are:

-       Registers
-       Classifications
-       Sampling design
-       Questionnaire design and survey processing tools
-       Data analysis systems

Within the programme of work and in accordance with the principle of subsidiarity these tools will be developed by selected national statistical offices for the whole European statistical system. An initial consideration of the development of these tools has already taken place in collaboration with interested national statistical institutes.

6. REGULAR COLLECTION OF HARMONIZED STATISTICS ON SERVICES

On the basis of the methodological manual for statistics on services and with the experience made in consolidating existing statistics on services and in carrying out pilot surveys, it will be possible to prepare the European legislation, which is necessary in the medium term, to achieve a complete and harmonized statistical system on service activities, on the basis of annual enterprise surveys. The aim is to support legally annual enterprise surveys on:

- Distributive trade
- Hotels, restaurants, catering and travel agencies
- Transport activities
- Banking and insurance services
- Information and communication services, other business services.

Overview of the Methodological Manual for Statistics on Services

1.   Objectives of the Manual
2.   Framework of reference
3.   Structure and contents of the Manual

1.   OBJECTIVES OF THE MANUAL

This manual constitutes a European framework of reference for enterprise statistics in the "services" entity. It is intended primarily for National Statistical Offices and other national bodies which produce official statistics on services. As a framework of reference it should also serve producers of non-official statistics, such as professional associations, market research institutes etc. Finally the manual can be of use to users of enterprise statistics within the "services" entity, who will be able to find in it the definition of units, classifications and variables, and, on this basis, can evaluate the obtained data.

In these respects the manual has two main aims:

-    to establish a framework of reference for enterprise statistics already existing at national level;

-    to set out the harmonisation requirements for carrying out additional data collection measures at Community level.

The existence of the manual will enable National Statistical Offices to supply information from existing sources which is closest to that required by the Commission, indicating only the methodological aspects which differ from those given in the manual and thus leading to an easier, quicker and more reliable assessment of the degree of comparability of the data from existing statistical sources relating to various countries.

The coverage of the "services" entity by harmonised enterprise statistics at a European level will grow during the next few years. For these data collection measures, using regular or pilot surveys, (but in each case harmonised at European level), the manual establishes the framework for harmonisation.

In the first stage, up to the end of 1992, the manual will be a preliminary one chiefly intended to serve National Statistical Offices and other national bodies which produce official statistics on services. Within this stage, the European official statistical system will gain significant experience in consolidating existing enterprise statistics on services and carrying out additional data collection measures according to the harmonization framework established within this manual. This experience will necessarily lead to a revision of the manual which is intended for the end of 1992.

2.   FRAMEWORK OF REFERENCE

In elaborating the methodological basis of enterprise statistics on the "services" entity it must be taken into account that, at the European level, a large amount of relevant work is already carried out. This is on the one hand, European legislation on enterprises, particularly the 4th and 7th Council Directives on the annual accounts of enterprises. On the other hand, there are statistical reference systems, already established at the European level, i.e.:

- Methods and definitions for a coordinated annual survey of industrial activity;
- General reference programme for enterprise statistics in distributive trade;
- European system of integrated economic accounts.

2.1.   The Council directives on the annual accounts of enterprises

These directives were a fundamental step on the road to harmonise legislation in the Member Countries on annual accounts of enterprises.

From a statistical point of view, these directives

- in standardizing the items in the accounts,

- in laying down uniform criteria for evaluation and thereby ensuring that the data are equivalent and can be compared,

- and in giving additional information in the notes on the accounts,

can provide a basis for carrying out more comparable statistical surveys on enterprise data throughout the whole Community.

In the future, the integration between accounting and statistical concepts will play a central role in establishing a European system of enterprise statistics. The Council directives above constitute a cornerstone of this trend.

2.2.   Established statistical systems

2.2.1. Methods and definitions of the coordinated annual inquiry into industrial activity

The coordinated annual inquiry into industrial activity in the Member States - based on the Council Directive n° 72/221/EEC - is the most important part of the Community system of industrial statistics. It is conducted by the Member States in a manner which is harmonized from the point of view of concepts and methodology. For this inquiry, statistical units, classifications and variables to be covered are defined precisely in the EUROSTAT publication on the structure and activity of industry - "Coordinated annual survey into industrial activity in the Member States - Methods and definitions". This publication was used in elaborating harmonised concepts and a methodology for enterprise statistics on services, particularly in defining the variables to be covered within annual enterprise surveys in the "services" entity.

2.2.2. General reference programme for enterprise statistics on distributive trade

This reference programme - elaborated between 1975 and 1978 - was intended primarily for the National Statistical Offices which produce statistics on distributive trade. The programme has had two aims :

- to set out the requirements for comparable statistical information at Community level;

- to specify the technical criteria which national data must satisfy in order to ensure comparability between countries.

In order to reach these aims within the programme, the units, classifications and variables to be covered are precisely defined. This programme was also used to elaborate the manual for enterprise statistics on services, particularly of course for the chapter on the distributive trade sector.

2.2.3. European system of integrated economic accounts

The European system of integrated economic accounts (ESA) consists of a coherent and detailed set of accounts and tables which are intended to provide a systematic, comparable and, as far as possible, complete picture of the economic activity within each EC member country. This objective has been approached on the basis of a set of uniform definitions of units, variables and classifications which are published by Eurostat in the publication "European system of integrated economic Accounts (ESA)".

This framework of national accounts at European level was also used during the drafting process of the methodological manual.

3.   STRUCTURE AND CONTENTS OF THE MANUAL

The manual is divided into two parts:

- General framework of enterprise statistics for the "services" entity;

- Description of the specifics of the different sectors of the "services" entity, i.e.:

    * Distributive trade   ,
    * Hotels, restaurants, catering and travel agencies
    * Transport activities
    * Banking and insurance services
    * Information and communication services, business services

3.1.   General framework

It was felt that, for each sector of the "services" entity, certain methodological elements are common. These elements concern:

- Statistical units
- Classifications
- Economic variables
- Sources of information

3.1.1. Statistical units

For this point, the main aim of the general framework is to establish the bridge between, on the one hand, the European and international normalization for the definition of statistical units and, on the other, the general requirements of service statistics in this matter. The unit types considered in the manual are:

- Enterprise
- Group of enterprises
- Local unit
- Kind-of-activity unit (KAU).

3.1.2. Classifications

The classification systems must meet a double requirement:

- to ensure data comparability between Community countries on the one hand and Third Countries on the other, particularly those countries with highly developed service sectors;

- to provide a breakdown which is sufficient for the policy purposes of the Community and of the Member States.

The aim of this part of the manual is to introduce the link between the development of service statistics on the one hand, and developments in European and international classifications for service economic activities and service products on the other. The classifications envisaged are:

- Service economic activities: NACE/Rev.1
- Service products: CPC.COM.

For NACE/Rev.1, the bridge with NACE/70 is also considered. A more detailed overview of these elements is presented in Annex 1.

3.1.3. Economic variables

The common economic variables have to enable the various "services" sectors and sub-sectors to be described within a common framework.

Three classes of common variables are considered:

- Structural characteristics of the units
- Accounting data on the units
- Data on employment of the units.

The list of common economic variables is presented in Annex 2.

Among this list, the users of statistics on services selected ten variables which appeared to be of particular interest:

- Number of enterprises,
- Turnover,
- Turnover by product,
- Value of production (or margin),
- Labour costs,
- Purchases of goods and services,
- Gross value added,
- Gross operating surplus,
- Investments,
- Number of persons employed.

3.1.4. Sources of information

The aim of this point is to give an overview of the types of information sources that are or may be relevant to collection of statistical information on services. The following types of sources are considered:

- General sources which relate to the production system as a whole
- Specific sources of both administrative and non-administrative origin
- Registers and lists of production units
- Specific surveys of administrative origin.

3.2. Sector specifics

The second part of the manual is dedicated to the specifics of the different sectors of the "services". Within this part, for each sector of the "services" entity, the following points are covered:

- whether there should be a deviation from the basic decisions, taken in the general framework, concerning the usage of statistical units;

- whether existing classifications are capable of covering the wide range of services supplied by the units within the sector;

- whether common variables must be redefined and/or specific sectoral variables must be added.

CLASSIFICATIONS OF ECONOMIC ACTIVITIES FOR THE "SERVICES" ENTITY

The number of headings for the main service sectors are as follows:

	NACE/REV.1			NACE/70		
	2 digits	3 digits	4 digits	2 digits	3 digits	4 digits
Distributive trade	3	19	77	6	40	141
HORECA	1	6	10	1	8	15
Transport	4	14	19	7	16	18
Financial Services	3	5	12	2	8	9
ICOBS	6	25	40	5	18	21
Total	17	69	158	21	90	204

The 2-digit level NACE/Rev.1 includes the following headings:

G   **Wholesale and retail trade ; repair of motor vehicles, motorcycles and personal and household goods**

50   Sale, maintenance and repair of motor vehicles and motorcycles; retail sale of automotive fuel

51   Wholesale trade and commission trade, except of motor vehicles and motorcycles

52   Retail trade, except of motor vehicles and motorcycles; repair of personal and household goods

H   **Hotels and restaurants**

55   Hotels and restaurants

I   **Transport, storage and communications**

      60   Land transport; transport via pipelines

      61   Water transport

      62   Air transport

      63   Supporting and auxiliary transport activities; activities of travel agencies

      64   Post and telecommunication

J   **Financial intermediation**

      65   Financial intermediation, except insurance and pension funding

      66   Insurance and pension funding, except compulsory social security

      67   Activities auxiliary to financial intermediation

K   **Real estate, renting and business activities**

      70   Real estate activities

      71   Renting of machinery and equipment without operator and of personal and household goods

      72   Computer and related activities

      73   Research and development

      74   Other business activities

M   **Education**

      80   Education

N   **Health and social work**

      85   Health and social work

O   **Other community, social and personal service activities**

      90   Sewage and refuse disposal, sanitation and similar activities

      91   Activities of membership organizations n.e.c.

      92   Recreational, cultural and sporting activities

      93   Other service activities

LIST OF ECONOMIC VARIABLES

Structural characteristics of the units

1   Number of enterprises

2   Number of local units

3   Variables concerning the characteristics and demography of enterprises

4a Division of the enterprises according to the number of employees

4b Division of the enterprises according to a class of value added or turnover

6   Variables relating to market share and internationalization

Accounting data on the units

Collected variables

8   Turnover (sum of 8a)

8a   Turnover by product (parts of 8)

8b   Intra-/extra-EC exports (parts of 8)

9   Prices of products sold

10   Labour costs (sum of 11 and 12)

11   Gross wages and salaries (part of 10)

12a Employers' obligatory social contributions (part of 10)

12b Voluntary social security contributions and other labour costs (part of 10)

13   Purchases of goods and services

13a Purchases of goods and of services for resale, and subcontracting (part of 13)

14   Immaterial investments

15   Fixed production

16   Tangible investments

16a Purchases of land (part of 16)

17   Disposals of fixed assets

18   Leasing

26   VAT invoiced to customers

27   Deductible VAT on the purchases of goods and services by the enterprises

28   Duties and taxes other than VAT

29   Operating subsidies

30   Change in stocks

30a   Change in stocks related to production (part of 30)

30b   Change in stocks of goods purchased for resale and subcontracting (part of 30).

Calculated variables

20   Gross value added at market prices

20a   Gross value added at factor cost

21   Value of production (or margin)

31   Gross operating surplus

Data on employment of the units

22   Number of persons employed

22a   Number of wage and salary earners (part of 22)

22b   Number of part-time employees (part of 22)

22c   Number of female employees (part of 22)

23   Number salaried hours worked

24   Variables relating to personnel qualification levels