

17th meeting of the Voorburg Group Introduction

In my capacity as business statistics director of INSEE, and on behalf of the general director, Paul Champsaur, it is both an honour and a pleasure to welcome the Voorburg Group to Nantes for its 17th meeting. France previously welcomed the Group to Paris in 1990: we thought that it would be more interesting, and in some respects more enjoyable, to invite you to one of our beautiful provinces. I hope that you will have the opportunity to visit the town of Nantes and the surrounding area. You will have a taster on Wednesday afternoon, and I hope that afterwards you will want to come back or to extend your stay with us.

This year, there are about 65 delegates, representing 22 countries and four international organisations: this confirms the interest in the work undertaken by the Group, together with the success of previous meetings. French statisticians in particular have, from the very start, been committed to the work of the Voorburg Group, and they have not missed any of its previous 16 meetings.

In 1987, the year in which the Voorburg Group was founded, French statistics had already clearly defined, and started to achieve, the objective of observing the field of market services using tools comparable to those existing in manufacturing industry. It must be said that the national accountants, who put an annual input-output table at the heart of their system, had expressed a growing need in this respect.

It was in the field of distributive trade that the first developments were made, stimulated by growing demand from professions and the government in the early Sixties. After initial experiments conducted by various professional associations, under the supervision of the government, the first annual survey on the structure and activities of businesses involved in distributive trade was conducted by INSEE in 1972: this was to be consolidated for the entire field in 1977. A review of transport businesses was conducted at virtually the same time, the first survey in this industry starting in 1974.

The wish to improve statistical knowledge became apparent at a later date in other non-financial market services: the heterogeneous nature of this area, problems of definition, together with the absence of a single supervisory authority go some way towards explaining this relative delay. Before the Eighties, research had been localised in sectors neighbouring the manufacturing activities, such as leasing, engineering or data processing. A pilot survey on business and personal industries other than distributive trade was set up in 1977, with the first full-scale survey being conducted in 1982.

The setting up of annual business surveys in tertiary sectors reflects the considered decision to give priority to frequent sample surveys, rather than censuses conducted every few years. Censuses conducted in the Sixties on a trial basis had in fact proven to be rather disappointing in France. In addition to these surveys, France tried from the outset to make as much use as possible of existing administrative sources, particularly fiscal data. The aim was to reduce the cost of collecting data, in terms of both the cost for the statistical system and to the businesses concerned.

I think I can safely say today that statistical monitoring of market services in France generally compares favourably with similar procedures in the manufacturing industry, in terms of structural data and to a large extent, of short-term indicators. We are regularly improving the coverage of the business service price index: this makes us hopeful of complete cover of the directly observable parts in the near future. The main weakness will then be the lack of precision in measuring the external trade of services, on account of the difficulty of identifying such operations in the balance of payments.

This can be explained by the fact that in France, as in other parts of the world, statistics on services are lagging behind in relation to industrial statistics. Firstly, after the war, the economic importance of services was not what it is today, with the result that the demand for statistics for this area was long considered less urgent. Secondly, statistical engineering considerations probably played a part. It was not always easy to identify the nature of a service transaction or to analyse the market concerned. The existence of many small production units also posed particular problems as far as surveys were

concerned. Today, these difficulties have largely been overcome, with the result that the same statistical tools can increasingly be used, at least in principle, for all business sectors.

Does this mean to say that an international group of service statisticians will no longer be required once statistics in the tertiary sector are considered to have reached the same level as statistics in other economic sectors? Should this day ever arrive, I personally consider it to be some way off, whilst services are full of specific problems, offering scope for reflection for some time to come: I would like to mention in particular the measurement of intangibles, or the monitoring of customized provision of service. Finally, the first concern of the Voorburg Group, which was the co-ordinated development of service statistics on an international level, is still very much an issue. Moreover, attention must be paid to the integration of problems relating specifically to developing countries, and to the inclusion of their statisticians and economists in the Group's work.

To be more precise, we have only to look at the different themes for the Group's work programme, in particular the subjects dealt with at this year's meeting, to confirm the strategic importance of operations already in hand.

As far as the prices of business services are concerned, first and foremost, the work conducted within the Voorburg Group is, in my opinion, exemplary in many respects. A systemic comparison of methods used in various countries allows an in-depth evaluation of the problems facing all specialists in this field, together with the production of a valuable body of methodological documents available to anyone who wishes to consult them. The fact that work is still in the developmental - or even experimental - stage in most countries undoubtedly explains why the method is particularly appropriate. In any event, the Voorburg Group must be given credit for this particularly useful contribution to work on price indices.

On a very different subject, namely that of the information society, practical experiences have also been exchanged, in particular through the use of survey questionnaires. But reflection on this area is supposed to be more ambitious, relating more generally to the "knowledge-based economy". The range of topics is then vast, and its contours also more fluid. As a result, this area is very rich, and the Voorburg Group is the forum in which it should be debated. The subject of the information society indeed is a part of the field of expertise of service statisticians, because it affects to some extent the measurement of intangibles: as a result, it is closely linked to service statistics problematics.

In fact, as far as statistical work is concerned, the information society is perhaps considered too frequently in conjunction with information technology. Of course, certain service activities (data processing and telecommunications) are at the heart of the Internet revolution. And it is probably, of all ICT-linked activities, these service activities that have changed the most in recent years: their development has been far more spectacular than that of the manufacturing of the equipment itself.

But it could also be said that data processing and telecommunications respond to an economic model that brings them far closer to certain industrial activities than many other service activities. On the other hand, certain questions are raised, which perfectly fit the service reflection framework: analysis of the economic production and of the dissemination of information, analysis of the market for content products. I believe it is important for this subject to be discussed within the Voorburg Group, in the same way as work on innovation and the accumulation of intangible capital within businesses.

Classifications will be dealt with on two occasions during the week. This subject was part of the reason why the Voorburg Group was founded, and the question is once again an urgent one in view of the 2007 revision of the classification of activities and products. It is especially important that service statisticians from the various countries should reflect on this question together: these classifications actually define the core of their expertise and fundamentally determine the quality of their indicators.

In 1998, under my management, INSEE organised a seminar on the subject of the increased integration of goods and services. We are all finding, in fact, that it is becoming increasingly difficult to define a totally relevant demarcation line between services and manufactured goods. Dematerialisation of data media resulting from new technology is a symbolic - but not the only example - of this. We are also witnessing the development of methods of asset acquisition, which are drawing ever closer to the granting of a right of use rather than a transfer of ownership. Does the distinction between goods and services, which has long been an obvious in economic analysis, have

any real meaning today? Should it continue to be at the heart of the hierarchy of our classifications and our economic indicators? Or should greater priority be given to other methods based, for example, on the main functions fulfilled by a business's production operations? The reactions of members of the Group to these questions will be very useful to us.

The question of the general structure of the classification is thus essential, and must be examined very closely, in my opinion, by service statisticians, concerned above all by the decisions that are to be taken. You may be well aware of the interest of French statisticians and economists in a summary classification which could actually be relevant to short-term and macro-economic studies. If this reflection is not undertaken on the basis of international reflection, it will not be possible to obtain a satisfactory solution *a posteriori*. Now reflection on the principles of future classifications of activities and products already seem to be well advanced and there appears to be little time left to discuss them.

Of course, a detailed breakdown of the classification must also continue to be studied with great care, especially in areas which are developing strongly, in which the founders of businesses are constantly devising new activities, in response to new needs or new opportunities. Whilst preserving the required stability, the classification of services must make it possible to preserve the necessary distinctions for the price collection and more generally for the observation of economic activities. The relevance of the headings will guarantee the quality of data produced; this will also allow a fruitful dialogue with our partners, since the classification will reflect a reality with which they are familiar.

To conclude this rapid overview, I would say that the programme of work which the Voorburg Group has drawn up for the 2002-2004 period seems to me to be well-balanced in its aspirations, combining practical aspects with considerations of a more general nature. It was moreover approved by the UNO statistics commission last March. The Group is neither a college of theoreticians, nor an authority which decides on implementation: this is the original feature of "city-groups", and it is this that gives their discussions great simplicity and freedom. Furthermore, this makes it possible to establish and maintain contact between people responsible for service statistics in the different countries: in this way, it allows to establish continued exchanges which are of benefit to everyone, stimulating initiatives by comparing experiences. This of course calls for personal commitment by the participants, and in particular I wish to congratulate those who, through their work and their reflections, are going to contribute to the sessions in this year's seminar.

To conclude, I would like to thank firstly the officers of the Voorburg Group and its chairman, Peter Boegh-Nielsen, for entrusting the organisation of this seminar to INSEE, and secondly the regional director, Bruno Trégouët, and all of his colleagues, who have put a lot of effort into the actual preparation work.

I hope you will enjoy fruitful working sessions and find some time for relaxation over the coming week.

