

Economic and Financial Committee

*Status Report
on Information Requirements
in EMU*

Brussels, 4 November 2008

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Council Conclusions on EU Statistics

ECONOMIC AND FINANCIAL AFFAIRS *Brussels, 04 November 2008*

The Council adopted the following conclusions:

"Following the priorities set-up in the ECOFIN Council on 8 November 2005 on statistical governance, on 28 November 2006 on the reduction of the administrative burden related to statistics and on 13 November 2007 on the Status Report on Information Requirements in EMU, the ECOFIN Council has reviewed the progress made in these areas in preparing the ECOFIN Council in November 2008 and endorses the EFC opinion on EU Statistics.

2008 EFC Status Report on Information Requirements

The Council ENDORSES the 2008 EFC Status Report on Information Requirements in the EMU. In particular, the Council:

- WELCOMES the progress achieved with the Principal European Economic Indicators (PEEIs) and in consolidating the results in term of timeliness and coverage, matching most of the targets fixed by the 2002 Communication of the Commission.
- WELCOMES the amended list of PEEIs, the associated targets on timeliness and quality, and the implementation strategy. CALLS UPON Member States and Eurostat to continue to step up efforts to commit to the short- and medium-term targets. INVITES Eurostat and the ECB to specify more concrete long-term strategic objectives and to report on them in 2009.
- CALLS UPON the European Statistical System to continue its efforts to ensure high quality statistics that are needed for structural analysis. WELCOMES the report on the progress on the EU KLEMS project and UNDERLINES the importance of changing the nature of the EU KLEMS from a research driven project to an ESS project. CALLS UPON Member States and Eurostat to further elaborate its details, including the question of financing and quality aspects to set up the necessary actions.
- INVITES Eurostat and the ECB to provide an updated Status Report on the fulfilment of EMU statistical requirements in 2009.



EU Statistics: Key issues in autumn 2008 - Opinion of the EFC on Statistics -

1. Following the priorities set-up in the ECOFIN Council on 8 November 2005 on statistical governance, on 28 November 2006 on the reduction of the administrative burden related to statistics and on 13 November 2007 on the Status Report on Information Requirements in EMU, the EFC has reviewed the progress made in these areas in preparing the ECOFIN Council in November 2008.

The 2008 EFC Status Report on Information Requirements in EMU

2. The EFC welcomes the progress realised with the **Principal European Economic Indicators (PEEIs)**, particularly in terms of their timeliness and coverage, matching most of the targets fixed by the 2002 Communication of the Commission to the European Parliament and the Council¹. It calls for further efforts to achieve all PEEI targets. The EFC acknowledges the initiatives to strengthen accuracy and reliability of the indicators and to enhance the communication. It especially welcomes the addition of housing indicators to the PEEI list.

3. National Statistical Institutes (NSIs) and Eurostat should continue to enhance their co-operation in relation to PEEIs and methodological developments should continue to be promoted, including research and development of flash estimates, taking into account the need to maintain high data quality. European-wide methodological enhancements, like the introduction of the new industry classification (so-called NACE Rev. 2) across statistical domains, rely on the commitment of all Member States to the scheduled timetable and require compliance with the agreed deadlines. Enhanced co-operation in areas such as data sharing, the development of common tools for data exchange, and dissemination of statistics remain a key element for successfully providing euro area monetary and other policy-makers with short-term key economic indicators. Dissemination of PEEIs deserves increased attention due to the impact that such indicators have on economic actors and citizens. At the same time,

¹ COM (2002) 661 final, Communication of the Commission to the European Parliament and The Council on Eurozone Statistics “Towards Improved Methodologies for Eurozone Statistics And Indicators”

safeguarding high data quality is essential to preserve the credibility and informative value of the PEEIs.

4. The EFC welcomes the review of the PEEIs, as presented in the **amended list of indicators**, the **associated targets**, and the **implementation strategy**. The proposed step-by-step approach will allow the European Statistical System (ESS) to develop meaningful and achievable implementation action plans. The EFC calls upon Member States and Eurostat to continue to step up efforts to achieve the **short-term targets** as identified for the improvement of the current PEEIs, and to sustain them by a regular compliance monitoring, data exchange and an enhanced dissemination and communication of the results; the EFC asks the ESS to commit to the **medium-term targets** indicated in the amended list of PEEIs - notably with a section on housing market statistics - and at the same time, strengthening the implementation of common approaches to methodological and compilation issues like the implementation of harmonised release and revision policies and of the guidelines on seasonal adjustment. The EFC stresses the importance to develop **long-term targets** in order to pave the way towards the future set of European short-term key indicators. When developing these targets, the quality dimensions of accuracy and reliability shall be assessed both for European and national aggregates. The ECOFIN Council could invite Eurostat and the ECB to specify more concrete long-term strategic objectives and to report on them in 2009.

5. In the context of enhancing the availability and quality of statistics needed for structural analysis, in line with the Ecofin Council Conclusions on the 2007 EFC Status Report (13 November 2007) and the further refinements by the Economic Policy Committee (EPC) in May 2008, the EFC welcomes the progress achieved in the identified areas and calls upon the European Statistical System to enhance the efforts on: (1) the quality and comparability of price and volume change measures of GDP and other national accounts aggregates, in particular for the contributions of non-market services (e.g. education, health); (2) developing systematic investigations with the aim to make consistent estimates between labour force statistics and national accounts in order to allow a meaningful analysis of economic growth, labour demand, and related productivity measures; (3) providing information on general government expenditure by function by the end of 2008 as much as possible and allowing the dissemination of these data (COFOG level II, primarily for education, health care and social protection); (4) assessing the usefulness and the additional costs of producing more comprehensive statistics on the public sector in the European Union, complementing government finance statistics; (5) actions undertaken to ensure the availability of migration statistics; (6) evaluating the quality of the detailed productivity data already produced (EU

KLEMS project) in particular regarding reliability and accuracy, and drawing conclusions from this quality assessment exercise in order to define, adhere and commit to an implementation plan to enhance quality and ensure continuity in the production of more detailed productivity measures.

6. The EFC welcomes the reports on the progress on the **EU KLEMS** project, which aims to set up and maintain a dataset on internationally comparable detailed data by industry for productivity and growth analysis. The assessment and monitoring of the Lisbon strategy has to rely on meaningful and comparable datasets suited for these specific requirements. The EFC underlines the importance of changing the nature of the EU KLEMS from a research driven project to an ESS project. The integration of the statistical module of the EU KLEMS dataset in the regular production of the ESS has the objective to lead to further harmonisation and improved quality of productivity measures by ensuring a durable development and maintenance of the underlying information in line with the multiannual Community Statistical Programme 2008-2012². The EFC welcomes the step-by-step implementation plan, acknowledges its ambitious targets focusing on a regular production, and calls upon Member States and Eurostat to further elaborate its details, including the question of financing and quality aspects, before setting up the necessary actions.

7. The EFC stresses that the progress on PEEIs and structural statistics should be achieved in line with the 2008 Status Report and the agreed objectives regarding the reduction of the response burden, simplification, and priority setting. Nevertheless, the EFC notes that the medium- to long-term PEEIs strategy as well as the high-priority users' requirements in the area of structural statistics may call for new or enhanced statistical surveys for the compilation of statistics that are of vital importance to European policy making. Member States in cooperation with Eurostat and the ECB are called upon to: (a) optimise the access to all available information sources, including confidential and administrative data; (b) to promote the use of data already collected in the ESS or the ESCB and, potentially, the transmission from one authority to another provided that it is necessary for the efficient development, production and dissemination of European statistics or for increasing the quality while respecting the legal framework and, in particular, statistical confidentiality rules as defined in chapter V of the forthcoming Regulation on European Statistics; (c) to prioritise the data needs; (d) to allocate the necessary resources for a successful achievement of the relevant targets.

² Decision 1578/2007/EC of the European Parliament and the Council of 11 December 2007

8. The EFC also invites Eurostat and the ECB to provide an updated Status Report on the fulfilment of the updated EMU statistical requirements in 2009.

...

2008 EFC Status Report on Information Requirements in EMU

Executive Summary

The Ecofin Council Conclusions on Statistics of 13 November 2007 welcomed the progress achieved with the Principal European Economic Indicators (PEEIs) and encouraged further efforts to promote and implement best practices and data sharing and called upon Member States, Eurostat and the European Central Bank (ECB) to strengthen the PEEIs, and called on the European Statistical System (ESS) to step up efforts to ensure the regular availability and high quality of the statistics for structural analysis at the European level. The Ecofin Council invited Eurostat and the ECB to provide an updated Status Report on the fulfilment of EMU statistical requirements in 2008 and to review the scope, timeliness and quality of the PEEIs. The present report describes the situation in autumn 2008 and proposes a reviewed short and medium-term strategy for the PEEIs.

The main messages conveyed in this report are:

- *Progress has been achieved in consolidating the results in terms of timeliness and coverage of PEEIs, matching most of the targets fixed by the 2002 Communication of the Commission to the European Parliament and the Council; nevertheless, further efforts are still needed to achieve all PEEI targets, the main remaining deficiencies being in the area of labour market statistics.*
- *National Statistical Institutes and Eurostat should continue to enhance their co-operation in relation to PEEIs by continuing to promote methodological improvements and co-ordination.*
- *Member States are called upon to strictly comply with the scheduled timetable and deadlines of European-wide methodological enhancements, like the introduction of the new industry classification (so-called NACE Rev. 2) across statistical domains.*
- *Co-operation should be enhanced in areas such as the development of common tools for data exchange, sharing and dissemination of PEEIs.*
- *The reviewed PEEIs strategy based on the proposed step-by-step approach constructed around short-, medium- and long-term targets will allow the ESS to provide a prompt reply to new users' requirements, to fix ambitious longer-term targets and to develop meaningful and achievable action plans. Member States, Eurostat and the ECB are called upon to step up efforts to achieve short- and medium-term targets and to put forward the research agenda to pave the road for what PEEIs will be in 8-10 years.*
- *Progress has been achieved in enhancing the availability and quality of statistics needed for structural analysis. Major projects like the revision of the European System of Accounts (ESA), the integration of the productivity and growth accounting dataset (EU KLEMS) in the regular production of the ESS should be pursued, as well as the acceleration of the improvements of quality and comparability of price and volume change measures of GDP and other national*

accounts aggregates, the comprehensive recording of assets and liabilities of pension schemes in general government, the provision of sufficient information on general government expenditure by function (COFOG) and its dissemination.

- *the medium-long term PEEIs strategy as well as the high-priority users' requirements in the area of structural statistics may call for new or enhanced statistical surveys for the compilation of statistics that are of vital importance to European policy making. Member States, in cooperation with Eurostat, are called upon to seek the optimal way for optimising the access to all available information and its use, prioritise data needs and allocate the necessary resources for a successful achievement of the targets.*

Principal European Economic Indicators (PEEIs)

In 2008, further progress has been achieved towards the **PEEIs targets** as fixed by the Commission Communication of 27 November 2002. In addition, the results in terms of timeliness and coverage achieved in the previous years have been consolidated and other quality aspects have been further strengthened. Since the 2007 Status Report, main quality improvements in the PEEIs are the implementation of a more comprehensive and up to date collection system (ESA Transmission Programme) for national accounts data and the completion of the introduction of major methodological changes in this area, the regular release of quarterly sector accounts, the systematic publication on time of business statistical indicators and methodological improvements for labour market statistics.

The **targets** in terms of timeliness and coverage fixed by the 2002 Communication of the Commission have been achieved for almost all PEEIs. Only one indicator (out of 19) is not yet available at all: service producer prices but Eurostat should be in a position to estimate many of them by the end of 2008. Three other PEEIs are still behind the Communication targets: households and company accounts (quarterly sector accounts), job vacancy rate and employment (national accounts concept). The current situation demonstrates the success of the efforts devoted to the PEEIs initiative and the concomitant results achieved for key European short-term indicators.

Nevertheless, the worldwide evolving economic situation, the experience gained through the PEEIs initiative, the new users' needs, the progressive introduction of new technologies for the compilation and dissemination of statistics, the additional constraints imposed on NSIs and NCBs by the political calls for reducing the statistical burden, require a critical analysis of the PEEI approach and a review of the scope and targets of the PEEIs. Eurostat, with the support of the ECB and of the PEEIs Steering Group (SG) have undertaken such a thorough analysis of the PEEIs with a view to adapting the PEEIs approach and design a medium-term strategy for the coming years.

Over the last years, the PEEIs became a reference dataset for European short-term economic indicators, used not only by Commission services and the ECB but also by the public at large. The release in October 2007 of the PEEIs pages on the website of Eurostat reinforced this role. Three main issues were identified in the **review** exercise: scope, timeliness and other quality aspects.

Overall the original PEEIs list has been considered adequate for describing the economic situation for economic and monetary policy purposes, notably in conjunction with the key monetary and financial indicators compiled by the ECB. The main deficiencies detected in the list concern statistics on the housing market and the current availability of statistics on services. Whilst the situation concerning statistics on services will already improve at the end of 2008, the lack of harmonised information on the housing market requires a structured approach. For this reason, the PEEI Steering Group (PEEI SG) has suggested to complement the current list of PEEIs with a section on housing market statistics encompassing three indicators: residential property price index, house sales and building permits.

The strategic review of PEEIs, in addition, confirms the current focus of PEEIs on **European aggregates**, complemented by national figures notably for larger Member States, and on headline figures, with detailed breakdowns in support of the indicators for deeper analysis, possibly with a somewhat lower timeliness.

The current targets in terms of **timeliness** are satisfactory for most of the PEEIs. Work has to be stepped up for those indicators that have not yet achieved the original targets. Moreover, in the medium- to long-term, the ESS should have more ambitious targets that reflect the increased needs for more timely information on the short-term evolution of the economy and better compare with the availability and timeliness of similar indicators for the United States, albeit not to the detriment of accuracy and reliability. An earlier availability of some PEEIs (GDP and key expenditure components, Industrial Production Index, Employment) with a sufficient reliability would greatly enhance an early insight into the economic situation in the EU and facilitate appropriate policy actions.

An examination of the feasibility of more flash estimates to meet these timeliness requirements should be promoted at European level. Anyway, the increase in timeliness shall not be obtained by the mere use of forecasting techniques but should rely on sufficient statistical content ("hard" data). Where timeliness improvements are possible with no or only little loss in reliability, they shall be implemented in the next few years.

Timeliness targets for European aggregates should aim at clusters around 30/60/90 days after the reference period, wherever this is possible and meaningful (in particular in the area of national accounts). The timeliness of national contributions must be aligned accordingly. Such a situation will help to reinforce the importance of the PEEI releases and will contribute to the harmonisation of calendar/revision policies.

Finally, a certain ambiguity in the timeliness targets of the European aggregates and the national contributions should be removed, since Eurostat needs, for most PEEIs, a couple of days to produce European aggregates, countries contributions should be made available in time. Timeliness can be improved if Member States agree to provide national contributions through the coordination of releases and through the transmission of national figures under embargo, ahead of their publication at the national level.

In the last couple of years, for most of the PEEIs, attention has not only been on the timeliness and coverage but also on **other quality aspects**, in particular to strengthen accuracy, reliability and communication. Eurostat in co-operation with the ECB has taken several initiatives in this direction: enhancement of monitoring and compliance analysis; common harmonised methodological developments (e.g. first attempts of setting up a common revision policy for PEEIs and/or in specific statistical areas; European guidelines for seasonal adjustment); the use of innovative compilation and dissemination techniques; strengthened communication strategies; more emphasis on metadata and on the interdependence of the PEEIs; coordination among PEEIs and with basic statistics; and the set up of a quality framework for PEEIs.

The interrelated nature of the PEEIs fosters for specific indicators a common approach towards methodological issues like the harmonisation of release and revision policies, seasonal and calendar adjustment, data exchange and dissemination, and the implementation of major methodological changes.

Further steps towards streamlining and improving the compilation process of PEEIs will also rely on the harmonisation of **revision policies**: some general principles of a common revision policy and its application to the national accounts have been put forward by Eurostat, in close cooperation with the ECB, Member States and international organisations.

The implementation of the recently established guidelines on **seasonal and calendar adjustment** for PEEIs, and the development of specific recommendations for a sub-set of indicators, such as quarterly national accounts, is a high priority, as these adjustments have a very substantial effect on the period-on-period results of short-term key economic indicators. Further progress should also be achieved on other methodological issues, such as common tools for backward calculations and a harmonised implementation of chain-linking in national accounts.

Strengthening data transmission (through the implementation of SDMX, the worldwide initiative for the exchange of statistical data) and fostering the data sharing in the ESS, allowing NSIs and NCBs to have a full and immediate access to all statistical releases, is also important.

The coordination should also be strengthened for the implementation of major methodological changes, in particular if they concern several statistical domains. An example is the implementation of the revised economic activity classification **NACE Rev. 2** across PEEIs domains. A strict commitment of all Member States to the scheduled timetable is of the essence. The risk of a delay in the implementation in specific statistical areas and the consequences on the overall process of implementation start to become quite concrete. Member States are called upon to strictly comply with the agreed implementation deadlines. Otherwise, the costs and efforts of other Member States do not pay off.

The **strategic approach** to the development of PEEIs endorsed today will drive the availability of European short-term economic indicators in the next 5 to 10 years. Therefore, this approach has to be

forward looking and anticipate future users' needs in the area of European short-term economic statistics.

The elements of the current PEEIs approach that proved to be successful will continue to be the backbone of the PEEIs strategy and will guide the future developments: thorough and regular consultations between users, producers and policy-makers; a regular monitoring and assessment of the progress towards the achievement of the new targets and the respect of the timetable (in the annual Status Reports); emphasis on European totals; emphasis on all quality aspects (timeliness, coverage, accuracy and reliability); continuous methodological improvements; a research agenda for developing appropriate solutions to technical and methodological problems; sharing best practices and a constructive peer pressure among Member States.

At the same time, some new dimensions should be integrated into this strategic approach. Some PEEIs may result from an ESS production process, with a greater role of competence centres in their methodological development and practical compilation; a greater usage of common tools to compile both European totals and national contributions; attention to develop a strategy encompassing the requirements of reducing the statistical burden but being aware that the compilation of statistics of vital importance for the euro area and the EU will continue to require all types of economic actors to fulfil statistical reporting requirements; a full accessibility to existing and suitable (administrative) data for the compilation of national and European statistics; and an enhanced possibility to share micro-data among European statisticians, strictly for statistical purposes.

The **way forward** for the new PEEIs strategy foresees a step-by-step approach based on short-, medium- and long-term targets. This approach will allow the ESS to provide a prompt reply to new users' requirements, to fix ambitious longer-term targets and to develop meaningful and achievable action plans. **Short-term targets** are those already identified for the improvement of the current PEEIs and should be sustained by regular compliance monitoring, data exchange and an enhanced dissemination and communication of the results.

Medium-term targets fix objectives for the coming 3-4 years (2012 horizon) and are captured by the renewed list of PEEIs and associated targets combined with, for example the implementation of a harmonised revision policy of the guidelines on seasonal adjustment.

Long-term objectives try to foresee what PEEIs will be needed in 8-10 years. They rely on a research agenda that should pave the road for the future set of European short-term key indicators.

Statistics for structural analysis

In August 2008, the Bureau of the United Nations Statistical Commission endorsed Volume 1 of the revised **System of National Accounts** (2008 SNA), the international methodological reference for the compilation of national accounts. Volume 2 will be approved in early 2009. The revision of the European System of Accounts (ESA) started in parallel. The ESA is an essential tool, used for major administrative and policy purposes at European level. The revised ESA will have to be broadly consistent with the new SNA, to preserve the international comparability of European Union's

statistics, but will also incorporate certain specificities, in line with the European requirements. New rules for recording **assets and liabilities of pension schemes** are also part of the revised SNA. A joint Eurostat/ECB task force has continued its work on this subject, in particular to define clear rules on how to classify and record unfunded government-sponsored pension schemes. A report of the task force on this subject was adopted by the CMFB in early 2008.

Further progress has been achieved concerning **price and volume measures of GDP and other national accounts aggregates**, including market and non-market activities. In particular, Eurostat promoted the exchange of best practices between countries, based on country visits and a wider dissemination of Member States' inventories of price and volume methods, as well as workshops on the topic of quality adjustment. These activities contributed to the progress recorded in many Member States in the concerned areas. However, improvements must be further accelerated in order to obtain more reliable and comparable data.

Labour market statistics are of key importance for economic and monetary policy, in particular from the perspective of labour demand and labour supply, possible skill mismatches and structural unemployment. Achieving consistency between labour market statistics and national accounts remains a priority target. A methodological comparison highlighted serious difficulties when combining detailed breakdowns from both sources, which has profound implications for the reliability of productivity growth analyses in the EU. Therefore, this work needs to be continued, with enhanced efforts by Member States, also taking into account already existing good practices. Efforts should also be stepped up in closing the coverage gaps in the four-yearly structural survey on earnings and labour costs, seeking the right balance between the pertinent need for high quality statistics and the necessary contributions by respondents.

In May 2008, the Ecofin Council confirmed earlier requests to Member States and Eurostat to provide and disseminate detailed data on **government expenditure** by function (COFOG level II). Meanwhile, Eurostat released, at the end of 2007, a Manual on sources and methods for the compilation of COFOG statistics. Although much progress has occurred in the last two years, work is still needed in this context and countries are called to commit to the plans both for data transmission and dissemination by the end of 2008 as announced to Eurostat, in particular concerning the level II details that the EPC identified as priority needs.

Developments in the **public sector** over the recent years, comprising the general government sector plus public (non-financial and financial) corporations, have pointed to the need for the enhanced availability of regular statistics in this area. An assessment of the extent to which more comprehensive statistics on the public sector in the EU may be produced, complementing government finance statistics and focussing first on the non-financial corporations, is being carried out by Eurostat. This should lead to improvements in this area.

In March 2008, Eurostat, with the active support of Member States, released a new set of **population projections**, in accordance with the timetable agreed with the Ageing Working Group of the EPC

(EUROPOP2008). At the same time, the work on the implementation of the regulation on Community statistics on **migration** has continued and first annual data on migration flows should be supplied to Eurostat by end 2009.

In recent years, the analysis of housing markets has been intensified and so has the demand for high quality statistics on national, euro area and EU housing market supply and demand conditions. In particular, this pertains to harmonised statistics on changes in residential property prices, with a complete coverage of national housing markets. In addition, the scarcely available **housing market statistics** need to be complemented by selected additional indicators (e.g. on housing sales and building permits) so as to be able to appropriately analyse the developments of the housing markets.

The **EU KLEMS** dataset contains highly relevant internationally comparable, detailed data by industry for productivity and growth analyses; in order to enhance its quality and ensure its continuity, Eurostat, in close cooperation with NSIs and main users (ECB and Commission services – DG ECFIN), has set up an ambitious EU KLEMS implementation plan. This plan has the objective to ensure the smooth incorporation of the EU KLEMS dataset in the regular production of the ESS and defines the boundaries of the contents of the statistical module of the dataset to be handled and updated by NSIs and Eurostat. The step-by-step implementation plan presented in the EU KLEMS Report, once further elaborated in its details including the questions of financing and quality aspects, will ensure continuity in the production of more detailed productivity measures.. Taking into account the ambitious targets, NSIs are invited to be actively involved in the design and the regular updating and maintenance of the dataset.

Finally, the progress on PEEIs and structural statistics underlined by the 2008 Status Report should be achieved within the context of the objective of an overall reduction in the administrative burden, as set out by the 2006 Communication of the Commission on reduction of the response burden, simplification and priority-setting in the field of Community statistics (COM (2006) 693 of 14 November 2006). Nevertheless, the medium- to long-term PEEIs strategy as well as the high-priority users' requirements in the area of structural statistics may call for new or enhanced statistical surveys for the compilation of statistics that are of vital importance to European policy making. Member States, in cooperation with European institutions are called upon to seek the optimal way:

- 1) to retrieve and collect information from available sources, through an access to all required suitable data, including confidential data;
- 2) to use and exchange already collected data within the ESS and between the ESS and the ESCB and vice versa, provided that they are used for strictly statistical purposes and in duly justified cases for the efficient development, production and dissemination of European statistics or for increasing their quality, while protecting confidentiality by strict safeguards;
- 3) to prioritise the data needs; and
- 4) to allocate the necessary resources for a successful achievement of the relevant targets.

PEEIs – Summary benchmarking table

Principal European Economic Indicators	Current release of European aggregates	Legal date of transmission from MS to Eurostat	Target date of transmission according to Com (2002) 661 final	Best 3 EU MS	Best 3 Euro Area MS
Set 1: Consumer Price Indicators					
1.1. Harmonised Consumer Price Index: MUICP flash estimate	0 (>95% EA)	--	0	-7 EL -2 BE -1 all others	-7 EL -2 BE -1 all others
1.2. Harmonised Consumer Price Index: actual indices	14-16 (100%)	30	17	5 BE 6 NL 7 CY, SI	5 BE 6 NL 7 CY, SI
Set 2: Quarterly National Accounts					
2.1. Quarterly National Accounts: First GDP estimate	45* (~95% EA, ~87% EU)	70	45	25 UK 28 LT 30 BE	30 BE 45* DE, EL, ES, FR, IT, CY, NL, AT, PT, FI
2.2. Quarterly National Accounts: GDP release with more breakdowns	64 (~97% EA, ~94% EU)	70	60	45 FR, NL, AT	45 FR, NL, AT
2.3. Quarterly National Accounts: Household and Company Accounts	123 (90% EA, 88% EU)	95/90	90	86 DE 87 SE, 88 UK	86 DE 91 AT, FR, NL, FI
2.4. Quarterly National Accounts: Government Finance Statistics	98 (100%)	90	90	36 CY 76 DE, SI	36 CY 76 DE, SI
Set 3: Business Indicators					
3.1 Industrial production index	42 (~93%)	40 large MS 55 small MS	40	25 PL 30 LT 35 EE, PT	35 PT 36 IE, ES
3.2 Industrial output price index for domestic markets	36** (~96%)	35 large MS 50 small MS	35	14 CZ, LT, UK	15 LU 18 DE, FI
3.3 Industrial new orders index	52 (~97%)	50 large MS 65 small MS	50 (40)	25 PL 35 EE 37 DE, RO, SK	37 DE 38 PT 39 IE, NL
3.4 Industrial import price index	[42]	45	45	15 DK 18 FI 24 NL, SE	18 FI 24 NL 26 DE
3.5 Production in construction	49 (~95%)	45 large MS 60 small MS	45	30 PL 32 SK, UK	38 DE, IE 43 FR, PT
3.6 Turnover index for retail trade and repair	37** (~99%)	30	30	24 UK 25 ES, LU, NL, PL	25 ES, LU, NL
3.7 Turnover index for other services	60 (~87%)	60	60	38 RO 42 BG, PT	42 PT 43 FI 45 NL
3.8 Corporate output price index for services	na	--	60	17 FI 39 SE 57 NL, UK	17 FI 57 NL 79 FR
Set 4: Labour Market Indicators					
4.1 Unemployment rate (monthly)	30 (~81% EA, 78% EU)	--	30	FI 24 DE 29	SE 22 FI 24 DE 29
4.2 Job vacancy rate (quarterly)	75 (67% EA, 78% EU)	--	45	16 UK 39 LU 44 FI	39 LU 44 FI 45 NL
4.3 Employment (quarterly)	74 (~85% EA, ~75% EU)	70	45	30 DE 44 LT, FI	30 DE 44 FI 45 FR, NL, AT
4.4 Labour cost index (quarterly)	74 (78% EA, 82% EU)	70	70	45 PT 64 SK 66 PL, RO	45 PT 67 AT, SI
Set 5: External Trade Indicators					
5.1 External trade balance: intra- and extra-MU; intra- and extra-EU	48 (100%)	40	46	26 SE 32 ES 33 LU	32 ES 33 LU 37 CY, MT

Legend: coverage of euro area in brackets na = not available

* 2.1 First GDP estimates: common release date at t+45 days

** Longer delay due to 1st May 2008 weekend.

[xx] available at xx days but not yet released at European level

PEEIs – reviewed list and targets

PEEIs	Timeliness	Other quality targets
Set 1: Consumer price indices		
1.1. Harmonised Consumer Price Index: MUICP flash estimate (monthly)	0	Breakdown of flash estimate into main components: unprocessed food, processed food, industrial goods excl. energy, energy, services is a desirable long term objective. In medium term a decomposition into energy and non-energy should be explored.
1.2. Harmonised Consumer Price Index: actual indices (monthly)	17	Quality is the main challenge, not timeliness. Intermediate operational objectives to be detailed like implementation of agreed quality adjustments standards, HICP weightings, information on impact of quality adjustment on prices
Set 2: Quarterly national accounts		
2.1. Quarterly National Accounts: First GDP estimate	Flash at 30 (instead of 45)	Timeliness targets in medium term for quarterly national accounts with respect to euro area totals, a 30-60-90 cycle of releases (in line with the United States): 30 GDP flash: investigations under way 60 GDP and main output, expenditure and income side components – employment breakdowns 90 complete set of quarterly national accounts including quarterly accounts for institutional sectors (financial and non-financial) and quarterly public finance Coordination with Member States is a necessary condition as coordination with input from basic statistics. The loss of accuracy associated to the improvement of timeliness must be kept within acceptable limits. Therefore a testing period is vital before release.
2.2. Quarterly National Accounts: GDP release with more breakdowns	60	
2.3. Quarterly National Accounts: institutional sector accounts	90	
2.4. Quarterly National Accounts: Government Finance Statistics	90	
Set 3: Business indicators		
3.1. Industrial production index (monthly)	flash 30, in addition to full release at 40	Timeliness: some countries already publish at t+30; sharing of experience with Member States, who currently have very different collection systems. Important input to GDP flash estimate. Investigation of the feasibility of a flash estimate at t+30 under way.
3.2. Industrial output price index for domestic markets (monthly)	30 (instead of 35)	Timeliness: a medium term target of t+30 should be possible; Investigation into methodological aspects including quality adjustment is desirable
3.3. Industrial new orders index (monthly)	50 (40)	Timeliness: not a big emphasis. The main concern is the property as leading indicator for euro area industrial production. The large differences across MS are to be looked at by a Task Force, from which results are expected during 2009.
3.4. Industrial import price index (monthly)	45	---
3.5. Production in construction (monthly)	45	The transition from quarterly to monthly frequency has increased the volatility of data; to be reviewed, sharing of best practices encouraged.
3.6. Turnover index for retail trade and repair (monthly)	30	Improvement of reliability required for t+30 flash
3.7. Turnover index for other services (monthly instead of quarterly)	60	Switch to monthly frequency under examination, problems to be reviewed for MS depending on data source used
3.8. Corporate output price index for services	60	Deflation of 3.7 possible when prices available, which could lead to more interpretable data; target to be defined, separate coverage of prices in terms of client group (businesses, consumers, all)

Set 4: Labour market indicators			
4.1	Unemployment rate (monthly)	30	Timeliness is not an issue. The pros and cons of changes to the 1-hour criterion (ILO concept) will be assessed by a Task Force on indicators to supplement the ILO unemployment rate (threshold may be different from ILO). Results are expected by 2010.
4.2	Job vacancy rate (quarterly)	45	Implementing regulation to be adopted in 2008, running-in phase will take 1-2 years
4.3	Employment (quarterly)	45	Timeliness: t+45 is a good medium/long term target; Feasibility study of earlier flash estimate to be checked (t+30). Link to the general national accounts framework Quality: Increased and sustained efforts on hours worked required.
4.4	Labour cost index (quarterly)	70	Timeliness: in the short term stick to t+70, but investigate feasibility of t+60 as target from 2012. Feasibility study of a flash estimate of EU aggregates at t+45 under way. Quality: equally important as timeliness, especially hours worked.
Set 5: External Trade indicators			
5.1	External trade balance: intra- and extra-MU; intra- and extra-EU	46	This target will be secured by the adoption of the new Extrastat legislation in 2010.
Set 6: Housing indicators			
6.1	Residential property price index	90 at least quarterly	Quarterly index appears feasible as a result of the Owner-Occupied Housing pilot project; it is proposed to directly include it into the PEEI list.
6.2	House sales	90 quarterly	More methodological work required (Housing Steering Group)
6.3	Building permits	90 quarterly	Results as administrative data sometimes unreliable; alternative to be examined in the form of "housing starts". Examination feasibility in the same Task Force as is dealing with industrial new orders.

Implementation Plan for PEEIs

PEEIs	Main improvements (availability, timeliness, quality) required by the 2007 Status Report	Results achieved	Short and medium-term targets	Deadline
1.1. Harmonised Consumer Price Index: MUICP flash estimate (euro area)	---	---	---	---
1.2. Harmonised Consumer Price Index: actual indices	<p>Enhance communication: develop website targeted at concerns of general public; educational material on price measurement; release of information on differences between HICPs and CPIs. Ad hoc Index for "Out of pocket" purchases.</p> <p><u>Deadline:</u> 2008</p> <p>Implementation of agreed quality adjustments standards for specific products.</p> <p><u>Deadline:</u> 2008</p> <p>Implement strategy for compliance monitoring.</p> <p><u>Deadline:</u> 2007-2008</p> <p>Pilot work on owner-occupied housing.</p> <p><u>Deadline:</u> 2010.</p> <p>Harmonisation of temporal coverage</p> <p>Development of constant tax HICP</p> <p><u>Deadline:</u> 2008</p>	<p>Enhanced HICPs communication.</p> <p>Implementation of agreed quality adjustments.</p> <p>Implementation of the strategy for compliance monitoring.</p> <p>Since 2005, compliance monitoring visits have taken place in 12 Member States and visits to 3 further Member States are scheduled for the last quarter of 2008. In each case, a report summarising the conclusions will be produced for public dissemination on the HICP website</p> <p>Progress in the pilot work on owner-occupied housing.</p> <p>Implementation of Regulation No. 701/2006 to ensure harmonised approach to temporal coverage of HICPs.</p> <p>Work ongoing.</p>	<p>Final report of CENEX group.</p> <p>Further progress on methodological aspects (weights, administered prices, sampling) and communication,</p> <p>Further progress in the implementation of the strategy. .</p> <p>Compliance monitoring visits.</p> <p>Continue the third phase of the pilot work on owner-occupied housing.</p> <p>---</p> <p>Publication (depending on countries contributions).</p>	<p style="text-align: center;">---</p> <p>End 2008</p> <p>2008-2009</p> <p>2008-2009</p> <p>2009</p> <p style="text-align: center;">---</p> <p>2009</p>
2.1. Quarterly National Accounts: First GDP estimate	<p>Consolidate and enhance the co-ordination of release dates</p> <p><u>Deadline:</u> 2008</p>	<p>More Member States (CZ) aligning to the co-ordinated release date.</p> <p>More Member States transmitting data under embargo for the compilation of European aggregates.</p>	<p>Further consolidate and enhance the co-ordination of release dates.</p> <p>More Member States compiling flash estimates.</p> <p>Flash estimates at T+30 days, in case of a positive outcome of the (2009) feasibility study.</p>	<p>2009</p> <p>2009</p> <p>2012</p>
2.2. Quarterly National Accounts: GDP release with more breakdowns	<p>Consolidate improvements (to t+60). Stronger country commitments needed.</p> <p><u>Deadline:</u> 2007-2008.</p>	<p>Further improvements. Some countries not yet committed (IT).</p>	<p>Consolidate improvements (to t+60). Stronger country commitments needed (IT needs to anticipate official transmission).</p> <p>Implementation of (2009) research agenda for flash estimates of GDP components at T+45 days.</p>	<p>2009</p> <p>2012</p>

PEEIs	Main improvements (availability, timeliness, quality) required by the 2007 Status Report	Results achieved	Short and medium-term targets	Deadline
2.3. Quarterly National Accounts: Household and Company Accounts	<p>Regular release of European sector accounts each quarter.</p> <p><u>Deadline:</u> 2007-2008</p> <p>Full implementation of the Regulation (end of derogation for transitional period).</p> <p><u>Deadline:</u> autumn 2008</p> <p>Further acceleration of data delivery to allow publication of the European aggregates at t+90 days.</p> <p><u>Deadline:</u> 2010</p> <p>Methodological improvements: including seasonal adjustment and the elimination of remaining discrepancies.</p> <p><u>Deadline:</u> 2010</p>	<p>Regular release of quarterly news releases and figures.</p> <p>Workplan established.</p> <p>Revision of the methods used to seasonally adjust the data and extension of the set of seasonally adjusted series. Further work in progress.</p>	<p>Implementation of the agreed Euro Area Accounts (EAA) workplan.</p> <p>Improve quality (sources and methods inventories, data sharing exercise).</p> <p>Foster the publication of national data, starting with a common set of key indicators.</p> <p>Methodological work: review of compilation practices, better timeliness for EAA, Real and price change measures for key series.</p> <p>Improved consistency between financial and non-financial accounts.</p>	<p>2010-2012</p> <p>2009</p> <p>2010</p> <p>2010-2012</p>
2.4. Quarterly National Accounts: Government Finance Statistics	<p>Increase the number of countries and variables published.</p> <p><u>Deadline:</u> 2007-2008</p> <p>Improve the timeliness of the quarterly government non-financial and financial accounts.</p> <p><u>Deadline:</u> 2010</p>	<p>Data on quarterly financial and non-financial accounts for the general government are published on a regular basis in Eurostat's databases.</p> <p>Reports on quality of these data were adopted in June 2006 by the Commission and transmitted to the European Parliament and the Council. They were updated in July 2008 on the basis of latest developments in data quality. The quality reports are available on Eurostat's web site.</p>	<p>Data coverage to be increased by a small number of remaining countries.</p> <p>A few countries do not allow the publication of their data on the first 3 quarters of the year because of quality concerns: these publication restrictions should be lifted by the concerned countries.</p> <p>Further improve the timeliness of the quarterly government non-financial and financial accounts and maintain the overall data quality currently achieved.</p>	<p>2008-2009</p> <p>2010</p>
3.1 Industrial production index	<p>Assess feasibility of flash estimates and co-ordinate release calendars.</p> <p><u>Deadline:</u> End 2007.</p>	<p>Increased timeliness (t+42).</p>	<p>Assess feasibility of flash estimates</p>	<p>End 2008</p>
3.2 Industrial output price index for domestic markets	<p>Compliant with PEEI targets</p>		<p>---</p>	
3.3 Industrial new orders index	<p>Compliant with PEEI targets</p>		<p>Investigate properties as leading indicator.</p>	<p>2010</p>
3.4 Industrial import price index	<p>Further improve availability and coverage, notably by IT. Implement euro area sampling scheme.</p> <p><u>Deadline:</u> Release results from the euro area sampling scheme in early 2007.</p>	<p>Data for most Member States available.</p>		
3.5 Production in construction	<p>Improve timeliness to t+45.</p> <p><u>Deadline:</u> Early 2007.</p>	<p>Change into monthly frequency as planned. Timeliness now t+45.</p>	<p>---</p>	
3.6 Turnover index for retail trade and repair	<p>Evaluate reliability and causes of revisions and, if necessary, proposals for improvements.</p> <p><u>Deadline:</u> 2007</p>	<p>None</p>	<p>Evaluate reliability and causes of revisions and propose improvements.</p> <p><u>Deadline:</u> 2008</p>	<p>End 2008</p>

PEEIs	Main improvements (availability, timeliness, quality) required by the 2007 Status Report	Results achieved	Short and medium-term targets	Deadline
3.7 Turnover index for other services	Regular quarterly release at t+60 with high country coverage. Launch work towards monthly frequency indicator. <u>Deadline:</u> End 2006 (q), end 2007 (m)	Quarterly European aggregates published with high coverage.	---	
3.8 Corporate output price index for services	Finalise the implementation plan for European aggregates. Most countries to make stronger commitments. Full implementation of the Regulation (end of derogations). <u>Deadline:</u> 2008.	Exchange of best practices. Most Member States have asked for derogations until August 2008.	Euro area aggregates.	End 2008.
4.1 Unemployment rate	Investigating the possibilities to extract monthly un/employment data from the Labour Force Survey or speed up the existing monthly extractions (improvements in timeliness and quality notably of the most recent data) <u>Deadline:</u> 2008-2012	Examination of the feasibility of EU sampling scheme has been done. Without changes to the design of the national LFS microdata deliveries to Eurostat do not allow the direct derivation of EU monthly unemployment rates from LFS micro-data.	Continuous methodological improvements. Work on indicators to supplement the ILO unemployment rate	2008-2012
4.2 Job vacancy rate	Further improvements in timeliness and availability. Completion of the legal framework (Council/EP regulation and Implementing Regulation).	Framework regulation entered into force; implementing regulations in the final stage of adoption. Further improvements in data availability.	Further improvements in timeliness and availability. Entering into force of the implementing regulations. Preparation of data transmission under the new legal acts. Sharing of experience and good practice between Member States.	End 2008 2009 2009
4.3 Employment	Improve timeliness. Increase coverage. <u>Deadline:</u> 2008	Regular release of European early estimates at t+75. No further progress on timeliness.	Further improvements in timeliness (notably IT). Increase coverage. European totals for hours worked.	2009 2009
4.4 Labour cost index	2009: Full implementation of the Commission Regulation extending the scope to cover NACE Rev.1 sections L to O. <u>Deadline:</u> 2009 The possibility to enhance coverage to include an index excluding bonuses will be examined thereafter. <u>Deadline:</u> 2010	The possibility to compile flash estimates is being investigated	Full implementation of the Commission Regulation extending the scope to cover NACE Rev. 1 sections L to O. Implementation of NACE Rev.2 The possibility to enhance coverage to include an index excluding bonuses will be examined thereafter.	2009 2010
5.1 External trade balance: intra- and extra-euro area; intra- and extra-EU	---	Successful integration of MT and CY into EA in 2008	Successful integration of SK into EA in 2009	2009
6. Statistics on the housing market	Regular production and publication of residential property price statistics. <u>Deadline:</u> 2008. Population and housing censuses. <u>Deadline:</u> 2011 OOH pilot study, second phase. <u>Deadline:</u> 2010	Second phase of the OOH pilot study. Progress on the work for residential property price statistics.	Third phase of the OOH pilot study. Further progress on housing market statistics.	2009 2012

Coordination topics	Main improvements (availability, timeliness, quality) required by the 2007 Status Report	Results achieved	Short and medium-term targets	Deadline
7. Release and revision policy	<p>Continue to consolidate the common release policy for GDP flash estimates.</p> <p>Exploit further the convergence towards common calendars for the Industrial Production Index and HICP.</p> <p>Step up efforts for coordinating the release of quarterly employment.</p> <p>Follow-up of the co-ordination of the introduction of the new industry breakdown NACE rev. 2</p> <p><u>Deadline:</u> 2008</p>	<p>Consolidation of a common calendar for flash estimates of quarterly GDP Work in progress for quarterly employment.</p> <p>First elements of a common revision policy.</p> <p>First detailed elements for a common revision policy for national accounts.</p> <p>Implementing regulations for the introduction of the new industry breakdown NACE Rev. 2 for several PEEIs.</p>	<p>Finalisation of implementing regulations for the introduction of NACE Rev. 2.</p> <p>Further developments and implementation of common release and revision policy.</p>	<p>2008-2009</p> <p>2009/2010</p>
8. Seasonal and calendar adjustment	<p>Revised recommendations on the seasonal and calendar adjustments for quarterly national accounts main aggregates.</p> <p>Seasonal adjustment and calendar adjustment recommendations for a wider range of PEEIs, including improvements on the communication on seasonal and calendar adjusted data (metadata).</p> <p><u>Deadline:</u> 2008</p>	<p>Endorsement by the CMFB of the revised recommendations on the seasonal and calendar adjustment of quarterly national accounts.</p> <p>Release of the guidelines for seasonal and calendar adjustment of PEEIs.</p>	<p>Further progress towards the implementation of the recommendations for quarterly accounts and of the guidelines for seasonal adjustment for PEEIs.</p> <p>Enhanced tool for seasonal adjustment.</p>	<p>2009-2012</p> <p>2012</p>
9. Data exchange and dissemination	<p>Implementation of the common data structure definition for national accounts.</p> <p><u>Deadline:</u> end 2007</p> <p>Pursue work on a common dissemination platform (CDP – SODI) in the ESS covering all PEEIs.</p> <p><u>Deadline:</u> 2007-2008</p>	<p>Implementation in the ESA95 Transmission Programme of the common and comprehensive data structure definition (key family) for national accounts.</p> <p>Further progress in the implementation of SDMX/EDI (GESMES/TS).</p>	<p>Further improve dissemination and data sharing; apply SDMX standards and guidelines in all Member States.</p>	2009
10. Reliability analysis	<p>Continue regular analysis of revisions in close co-operation between Eurostat and NSIs.</p> <p><u>Deadline:</u> 2008</p>	<p>Analysis of revision in specific PEEIs areas.</p>	<p>Continue regular analysis of revisions in close co-operation between Eurostat and NSIs; improve consistency and reliability and remove bias, if present.</p>	2009
11. Implementation of NACE Rev.2	<p>Achieve fully co-ordinated implementation of NACE Rev.2 from 2008, including timing, coverage and backcasting.</p> <p><u>Deadline:</u> 2008-2011</p>	<p>Further legal basis for the implementation of NACE Rev. 2 developed and/or adopted.</p>	<p>Finalising the implementing regulations.</p> <p>Monitoring fully co-ordinated implementation.</p>	2008 - 2012

Implementation Plan for other ongoing statistical work

Issue	Main improvements required by the 2007 Status Report	Results achieved	Remaining improvements needed	Deadline
Classification of the expenditure of government by function (COFOG)	Further work on harmonisation of concepts and definitions. <u>Deadline:</u> 2007-2008	COFOG I level data are regularly published in Eurostat's databases	Further work on harmonization of concepts and definitions.	ongoing
	More Member States supplying more complete and timely data at COFOG level II, in particular for health, education and social protection. <u>Deadline:</u> 2007-2008	Over 20 Member States currently providing COFOG level II breakdown.	All Member States supplying more complete and timely data at COFOG level II, in particular for health, education and social protection.	2008-2009
	More Member States allowing for the publication of their COFOG level II data <u>Deadline:</u> 2007-2008	COFOG level II data for 12 countries are disseminated by Eurostat.	All Member States allowing for the publication of their COFOG level II data	2008-2009
	Eurostat to publish methodological manual to assist progress by Member States. <u>Deadline:</u> 2007	Manual on sources and methods released.		
SNA and ESA review		Adoption of Volume 1 of the new SNA	Pursue work in order to finalise Volume 2 of the new SNA	2009
			Pursue work on the revision of ESA	2009
Price and volumes measures of GDP and other national accounts aggregates	Member States using non-acceptable methods to remove them <u>Deadline:</u> by end 2006	Questionnaire to monitor progress in health and education. Exchange of best practices. Eurostat workshops on treatment of quality Reports on improvements achieved by Member States.	Improvement work by Member States	As soon as possible
Statistical framework for the provision of data supporting the assessment of the sustainability of public finances	Eurostat/ECB task force to present results on the development of rules and guidelines for the reporting of statistics on pension schemes in general government. <u>Deadline:</u> Second half of 2007.	Compromise on the statistical measurement of the assets and liabilities of pension schemes in general government endorsed and integrated in the revised SNA.	Work on modelling of pension scheme data (pilot phase) and conclusions on outstanding methodological and modelling issues.	2009
		Work on design of standard supplementary table, criteria on recording pension entitlements in SNA core accounts or not, modelling issues. Report of the task force adopted by the CMFB in January 2008.	Implementation of a harmonised method in the revised ESA	2014
EUKLEMS project	Set up of short / medium / long term strategy for the continuation of the project. <u>Deadline:</u> 2008	Implementation plan presented to the EFC Subcommittee on Statistics in autumn 2008.	Progressive integration of the EU KLEMS dataset in the ESS.	2010
	Ad hoc task force to explore the possible integration in the ESS framework. <u>Deadline:</u> 2008	Task Force set up. First meeting in February 2008.	First release of the statistical module.	2010
	Release of the "statistical module" of EU KLEMS. <u>Deadline:</u> mid-2008	Statistical module not yet released. Up to the work of the Task Force.		

Issue	Main improvements required by the 2007 Status Report	Results achieved	Remaining improvements needed	Deadline
Structural labour market statistics	Further work on the consistency of labour market statistics and national accounts. <u>Deadline</u> : 2008	Work launched on the consistency of labour market statistics and national accounts First phase of the work of the task force on the quality of the LFS	Finalisation of the work of the task force on the quality of the LFS. Further work on achieving consistency between labour market statistics and national accounts	2009 2010
Population and migration flows	Population projections results. <u>Deadline</u> : March 2008 Development and application of modelling techniques to migration statistics (study). <u>Deadline</u> : 2010	Population projections (EUROPOP 2008) released in March 2008. Ongoing work.	Implementation regulations for migration statistics	2009

I. Principal European Economic Indicators (PEEIs)

A - The availability, timeliness and quality of PEEIs

In March 2003, the Commission and the Council submitted to the European Council a comprehensive report on euro area statistics supporting the development of the PEEIs and their full implementation by 2005³. The PEEIs cover a list of nineteen key infra-annual macro economic indicators for the euro area and the European Union, for which challenging improvement objectives were set (in terms of timeliness, coverage and other quality features). Five sets of PEEIs were defined: consumer prices, national accounts, business, labour market and external trade indicators. In November 2007, the Ecofin Council, in its conclusions on the 2007 EFC Status Report, welcomed the progress achieved with PEEIs and recognised that, in general, the timeliness targets, as fixed by the Communication of the Commission of 27 November 2002, had been reached for the majority of PEEIs. The Council also encouraged the efforts to promote best practices and data sharing, reiterated the need to strengthen the accuracy and reliability of the indicators and called upon Member States, Eurostat and the ECB to strengthen the PEEIs and the underlying basic statistics by developing and implementing all the necessary technical and legal instruments. The Council invited Eurostat and the ECB to review progress towards the fulfilment of the EMU statistical requirements. This section examines the progress achieved on the availability and quality of the PEEIs in comparison to the situation in 2007⁴.

1. Consumer Price Indicators

The harmonised index of consumer prices (HICP) confirmed its role as a reference indicator for measuring price convergence in the EU and price stability in the euro area.

Substantial work has been carried out in 2008 to restructure the HICP databases and achieve a more systematic approach to control the accuracy of HICP aggregations provided by Member States. Improvements to the model used to produce the HICP Flash Estimates will be introduced by end 2008/2009.

Work on preparing standards on the treatment of seasonal items is approaching its conclusion. The draft Regulation is planned to be endorsed by the Statistical Programme Committee (SPC) in November 2008. The outline of a further Regulation, which aims at establishing improved minimum standards on weights, has also been discussed with the Member States. Regulation 1334/2007 amending Regulation 1749/96 on quality adjustment and sampling was adopted in November 2007 and must now be implemented. Moreover Council Regulation (EC) No. 701/2006, which has been

³ Joint Report of the Council and the Commission on Eurozone statistics and indicators, 18 February 2003.

implemented since January 2008, ensures a harmonised approach with respect to the temporal coverage of the HICPs.

Owner-occupied housing remains the highest priority project for the HICP. The twelve participating countries in the second stage of the pilot project compiled experimental housing price indices and provided the supporting metadata. The continuation of the pilot work aims to provide harmonised data at the European level and to include all remaining EU countries in the pilot work, although at present Malta is not able to participate. In this final phase of the pilot work the necessary methodological improvements and the intensification of the work in those areas where the empirical findings are currently limited will be pursued.

In order to meet the deadline for the last pilot phase of the project (December 2009), substantial statistical and resource issues need to be addressed and solved. An enhanced commitment from all EU Member States is required. Moreover, providing a legal basis for the continuation and reinforcement of work on house prices is seen by Eurostat, key users and by a large number of Member States as increasingly useful and desirable.

The Centre of Excellence on HICP quality adjustment (CENEX), led by the German Federal Statistical Office, has a wide-ranging and important work programme concerning quality adjustment and sampling. In particular, it is expected to offer practical advice to NSIs on the implementation of the standards agreed by the HICP Working Group in 2005 as well as the development of additional product specific quality adjustment standards. The product specific standards agreed in 2005 must now be implemented at the national level taking into account the practical recommendations of the CENEX.

In a joint Eurostat/ECB effort on an enhanced communication on the measurement and the use of the HICP, a series of actions and activities have been agreed to develop more co-ordinated communication and also review the relationship between the HICP and the CPIs in the medium-term, in order to develop a strategic framework for the future. Improvements to HICP communication during 2008 will include the release of more complete information on the differences between HICPs and CPIs, the release of an index for frequent out-of-pocket purchases and studies to prepare for the release of some average prices for selected goods and services. In addition Eurostat made an additional news release on the development of food prices during 2008. Eurostat has also carried out some investigation work on the collection of more detailed price statistics, in collaboration with both NSIs and key users.

Work on a number of other issues is also advancing. Task Forces on administered prices, detailed prices and sampling are scheduled to conclude their work by the end of 2008.

⁴ 2007 Status report on Information Requirements in EMU, endorsed by the ECOFIN Council on 13 November 2007.

Work on the new HICP at constant taxes is advancing. The euro area HICP at constant tax rates is due for publication in 2009. However, this plan depends upon the provision of national contributions (notably from Germany, Spain, Portugal, Ireland and Italy), without which it would not be possible to produce euro area aggregates.

The new strategy on HICP compliance monitoring is being implemented. It covers five elements: the development of country expertise; the collection of improved metadata; enhanced data analysis; targeted compliance visits; and pilot work on micro-data analysis. Since 2005, compliance monitoring visits have taken place in 12 Member States and visits to 3 further Member States are scheduled for the last quarter of 2008. In each case, a report summarising the conclusions will be produced for public dissemination on the HICP website.

2. National Accounts Indicators

The introduction of the revised transmission programme associated to the European System of Accounts (ESA95) contributed to further improvements of national accounts indicators. In 2007, the co-ordination of the release calendar for *GDP flash estimates* at European level, despite not yet being fully achieved, continued to prove successful with more Member States aligning.

The *first GDP release with more breakdowns* for the euro area and the European Union were consistently released shortly after $t+60$ days, in line with the PEEIs target. Stronger country commitments, notably from Italy, are still required to increase the coverage of national figures and strengthen the quality of the European estimates. In relation to this, countries are also asked to take into consideration Eurostat's release dates for the first release of euro area/EU GDP and components, when deciding on the national release dates.

With the release of chain-linked quarterly volume measures for Estonia in August 2008 and the forthcoming release of FISIM (Financial Intermediation Services Indirectly Measured) allocated national accounts figures for the United Kingdom in September 2008, the implementation of the major methodological changes (which mainly involved the allocation of FISIM and the introduction of chain-linked volume measures) in national accounts that started in 2005 is completed in all Member States. As a result of the ongoing implementation of major revisions to the national accounts of some Member States, the transitory problems already experienced in previous years (reduced back data, staggered implementation) still persist to some extent. This negatively affected the coverage of such indicators at European level and hampered economic analysis. Countries are urged to respect PEEI commitments and legal deadlines, as well as to transmit data to Eurostat as soon as possible, preferably before the national publication date. In addition, countries are called upon to support the coordination efforts for future major revisions like the revised NACE. Methodological work continued to be carried out with the aim to ensure an increased harmonisation and comparability of country data. Initiatives in this direction were the establishment of updated recommendations for the compilation of

seasonally adjusted quarterly accounts, encompassing the seasonal adjustment of chain-linked volume measures, and first concrete proposals for a common revision policy for national accounts. Countries are called to step-up efforts towards the implementation of these recommendations.

Since 1 June 2007, Eurostat and the ECB have released *quarterly sector accounts for the euro area and European Union* on a regular basis. Eurostat and the ECB have published time-series of integrated non-financial and financial accounts and balance sheets for the euro area in its current composition. Additionally, Eurostat has published the non-financial accounts for the European Union in its current composition. The dissemination of quarterly sector accounts aggregates has been complemented by the release of related charts, tables and metadata, with a special focus on key indicators (household saving and investment rates, profit share of non-financial corporations and their investment rate). Further progress has also been achieved in analysing the seasonally adjusting key indicators and underlying data.

In 2008, outstanding derogations to the QSA regulation⁵ have expired and, as a result, countries transmitting a full set of QSA data represent now 99% of the GDP for the euro area, and 95 % for the European Union. Transmission deadlines have also been shortened from 95 to 90 days after the reference quarter, as a first step towards an early estimation of euro area and EU aggregates. To this aim, voluntary transmissions of QSA data 5 to 10 days before the official transmission deadline of 90 days are strongly encouraged to meet the PEEI target of t+90 days for the compilation of euro area accounts. Progress in this field will necessitate the availability of quarterly government statistics and balance of payments data at around 80 days after the reference quarter.

Other challenges in this area now relate to the further improvement of the quality of the data transmitted, the documentation of sources and methods used by Member States, the sharing of data in order to foster best practices, and to the pursuit of further methodological work for the decomposition of value changes into real and price movements, in particular for key transactions. At the same time, Member States are encouraged to publish national QSA data, in whole or in part, with a special focus on the households and non-financial corporations' sectors.

The compilation of quarterly *non-financial accounts for the general government* confirmed the improvements in timeliness and coverage recorded in 2006 and 2007. Eurostat releases data for most Member States, although some countries restrict the dissemination of these data for some quarters or variables because of quality concerns. These improvements were also confirmed in the availability of *quarterly financial accounts for the general government* and *quarterly Maastricht debt*. All Member States transmit quarterly government finance figures to Eurostat and relevant European aggregates are calculated by Eurostat and the ECB. The Commission reports to the European Parliament and to the Council on the quality of quarterly financial and non financial accounts for the general government

⁵ Regulation 1161/2005 of the European Parliament and of the Council

have been recently updated and they are available in the dedicated government finance statistics section of the Eurostat website. In addition, Eurostat recently produced a Manual on sources and methods for the compilation of quarterly financial accounts for the general government. Finally, Eurostat has started to release quarterly non-financial and financial data for the government sector in an integrated manner, showing quarterly revenue and expenditure, net lending or borrowing, transactions and stocks of financial assets and liabilities, and quarterly debt following a quarterly government finance statistics template, in a similar way as it is done for annual data.

3. Business Indicators

As a result of the numerous improvements in timing and coverage in 2007, seven out of eight PEEIs in this set of *business indicators* were systematically published on time in 2008 in accordance with the targets set in the 2002 Communication (in the sense they were transmitted on time by most countries and Eurostat took two days to validate the data, calculate the European aggregates, perform, if necessary, adjustment procedures and produce the News Releases). The overall score in the April 2008 compliance exercise was over 9 out of 10 for most Member States.

For the eighth indicator, *service producer prices*, the quantity of national data is steadily increasing. As foreseen in the STS-Regulation (2005), most countries have derogations up to August 2008, but once these are abrogated Eurostat should be in a position to estimate European indices for most activities around the end of 2008. The STS Regulation requires that these indices relate to sales to enterprises only (sometimes called B-to-B) and this is reflected in the title of PEEI 3.8 Corporate output price for services. Some of the services specified in the Regulation are also provided to households/consumers (B-to-C): in particular telecommunications, air passenger transport, sea and coastal transport and legal services. For these activities Eurostat is encouraging Member States to calculate also business-to-consumer indices (using prices from the CPI) as well as B-to-All price indices. B-to-B indices can be seen as an indication of upstream inflationary pressure, while the B-to-All indices are needed as deflators of the total output (turnover) of the corresponding services.

Intensive preparations continued throughout 2008 to ensure a smooth and coordinated transition to *NACE rev 2* for all indicators, starting with the first data for January 2009 (or 2009 Q1 for quarterly series). In accordance with the Commission Regulation on backcasting (30 May 2008), all Member States must produce historical series expressed in terms of the new classification back to 2000. It is vital that all countries meet their commitments for all indicators and exactly on time at the beginning of 2009. Any delay in the provision of national data will have a negative impact on European aggregates and shall be avoided by all means.

Now that most of the PEEI series are available and on time, concerns are increasingly turning to the *accuracy and reliability* of the indicators. Studies have already been done on several indicators and this will be intensified in late 2008 and 2009.

4. Labour Market Indicators

Significant improvements were achieved in the methodology underlying the calculation of *monthly unemployment rates* in those cases where no direct estimates from the Labour Force Survey (LFS) are available. At the same time, it was possible to implement more sophisticated seasonal adjustment procedures for some countries for which, until recently, time series did not yet have sufficient length. Member States are encouraged to intensify work on the direct estimation of the monthly rates from the LFS. Member States are also invited to work towards a LFS design based on representative weekly samples. This would create the necessary pre-condition for a European sampling approach for the estimation of the monthly unemployment rate.

For the *quarterly labour cost index*, Member States need to step up efforts to meet the target release date of t+70. In particular Belgium, Ireland, the Netherlands and Austria are requested to provide for a timely regular transmission of these data. For 2009, the changeover to NACE rev.2 is required. All Member States are called upon to ensure a smooth transition to the new classification in full respect of the legal timetable. At the same time, Member States whose derogations regarding the extension of industry coverage come to an end are asked to ensure a punctual data availability. In general, further work is needed to improve the quality of the labour cost index, in particular the quality of the hours worked component. Greece, in particular, is urged to step up efforts in this respect.

Slight improvements in terms of coverage and availability of data have been recorded for *national accounts employment data*. Nevertheless, the release of European aggregates continues to be published around t+75 days after the reference quarter, well beyond the t+45 days PEEI target. The achievement of the release target depends, in general, on stronger commitments by Member States, notably from Italy. Further efforts are still urgently needed towards the release of quarterly employment in hours worked for the European aggregates. These efforts will have obvious synergies with the work required for the quality improvement of the Labour Cost index.

The Regulation of the Council and the European Parliament on *quarterly job vacancy statistics* entered into force in April 2008. The subsequent implementing regulations should be adopted by the end of 2008. It is now essential that Member States fully implement the legal requirements in order to be prepared to start the compulsory data transmission under the regulation no later than 2010. In parallel, Eurostat and NSIs will closely cooperate to share experience and good practice in this new domain.

5. External Trade Indicators

Timeliness and availability of external trade indicators fulfil the PEEIs requirements. All Member States meet the legal deadlines since 2005, except for *ad hoc* problems leading to minor delays. However, further efforts are still necessary to consolidate the quality of the compiled figures. Timeliness of the release of EU aggregates was confirmed to t+48 days.

B - Review of PEEIs

1. Why a review of PEEIs?

By and large, the targets in terms of timeliness fixed by the Communication of the Commission of 27 November 2002 have been achieved for the majority of PEEIs. The Ecofin Council conclusions call upon considering a critical analysis of PEEIs taking into account users' requirements, an evolving economic situation that is generating new user needs, a different perception of quality aspects of short-term statistics, an emphasised shift of interest from national to European figures, globalisation aspects and comparison with other major economies.

The 2007 EFC Status Report underlined that attention should now move to the consolidation of the results, focussing in particular on strengthening accuracy, reliability and communication of the indicators.

Meanwhile, the PEEIs became a reference dataset for short-term European economic indicators used not only by the Commission, Member States and the ECB, but also by the public at large. The release in October 2007 of the PEEIs pages on the website of Eurostat contributed to increase the visibility of PEEIs by offering, for a selected and integrated set of PEEIs, comprehensive information and meta-information.

2. Scope, timeliness and other quality targets – the reviewed list of PEEIs

During the first half of 2008, the PEEI Steering Group (PEEI SG)⁶ met to define, starting from the input of the Ecofin Council, the reviewed scope of PEEIs, to analyse the current list of indicators and improve it to match users' requirements and to assess the current PEEIs targets towards the new challenges generated by the evolving economic scenarios.

The PEEI SG identified three main areas for the review of PEEIs: (i) scope; (ii) timeliness and (iii) other quality aspects than timeliness.

Scope

In analysing the scope of PEEIs, the PEEI SG assessed whether the original list of PEEIs, as established in 2002, was still valid to meet the statistical requirements for monitoring the economy in the EMU and whether the list should be extended/streamlined to represent a reliable picture of the short-term economic developments of the euro area/European Union.

Overall, the original PEEIs list has been considered adequate for describing the short-term economic situation for economic and monetary policy purposes, notably in conjunction with key monetary indicators. The weaknesses detected in the list concern statistics on the housing market and the current

⁶ The PEEIs Steering Group has been set up by Eurostat following the demand of the EFC Sub-Committee on Statistics to steer the review process with the same spirit and modus operandi of the FROCH (Friends Of the Chair) Group that had this role in setting up the original list of PEEIs in 2002.

availability of statistics on services and on employment expressed in hours worked. In particular, as pointed out by the 2007 EFC Status Report and highlighted by the financial turmoil, the availability of information on the housing market across countries differs significantly and the available data are insufficient for a euro area/EU-wide assessment.

The situation concerning the current shortage of information on services will already improve by the end of 2008 in the framework of the current PEEIs target implementation, when derogations for service producer price indices will expire.

Some interesting statistics which can be derived from PEEIs (e.g. productivity measures, unit labour cost) are considered also of high importance for the users but, from a producer point of view, these derived indicators do not need to be added to the list. They should, however, be taken into account when assessing the consistency between the PEEIs (and included in relevant dissemination channels).

The PEEIs main interest remains in headline figures, and less in detailed breakdowns of the indicators. However, the fact that behind each PEEI stands more than a single headline figure has to be taken into account when discussing feasibility, timeliness and resource needs.

The euro area and European Union aggregates continue to be the target of the PEEI approach. A distinction is made between national results, European aggregates and national contributions to European aggregates. Whenever possible, a conflict between the release of national and European aggregates should be avoided. National figures too, above all from larger Member States, are much demanded and should also be compiled in accordance with the newly established PEEIs targets.

Summary:

- the original list of PEEIs is considered appropriate and should be maintained.
- the additional needs for statistics on the housing market are recognised and the following indicators added to the list of PEEIs: residential property price index, house sales, building permits;
- the PEEIs targets refer to headline figures and not necessarily to detailed breakdowns;
- the availability of national indicators corresponding with the release of PEEIs is stressed, particularly for larger Member States.

Timeliness

Starting from the recognition that the original PEEI targets as laid down in the Commission Communication COM (2002) 660 have been by and large fulfilled, the PEEI SG analysed whether there is still room to further increase the timeliness of PEEIs, whether the benchmark with the equivalent indicators for the United States is still pertinent, whether it is possible to increase timeliness without an unacceptable loss in other quality dimensions such as accuracy and reliability and whether

to explore alternative flash estimation techniques or aim to reduce the production/delivery delays from Member States for some PEEIs.

The current targets in terms of timeliness are satisfactory for most of the PEEIs. Work has to be pursued for those indicators that have not yet achieved these targets. Nevertheless, in the medium-long term, the ESS should aim at more ambitious objectives that reflect the increased needs of timely information on the short-term development of the economy that better accommodate economic and monetary policy needs, and that better compare with the availability of equivalent indicators for the United States, albeit not at the expense of accuracy and reliability.

The early availability of key short-term economic indicators is more and more a crucial input for economic agents and policy makers. For several, but not all, key economic indicators, the European figures are still lagging behind the US indicators in terms of timeliness. An earlier availability of selected PEEIs (GDP and key expenditure components, Industrial Production Index, Employment) ensuring a sufficient degree of reliability, would greatly contribute to offer an early picture of the economic situation in the euro area/European Union.

The trade-off between timeliness and accuracy has to be explored to understand the possible impact on earlier estimates for PEEIs. Where timeliness improvements are possible with no or little loss in reliability, they shall be examined and implemented. In this direction, Eurostat promoted a feasibility study into the development of flash estimates for Industrial Production Index, GDP and Labour Cost Index through the work of a consortium (consisting of France, Germany, the United Kingdom and Italy).

The use of flash estimation techniques to improve timeliness should be promoted, together with the attempts to enhance the availability of the indicators according to the traditional compilation methods (earlier availability of basic statistics). In this context, a coordinated approach to timeliness targets for the PEEIs, as an integrated dataset, is important.

Increase in timeliness shall not be obtained by using purely forecasting techniques, but be based on statistical contents. As this requires adequate resources for NSIs, the new timeliness targets must also be assessed concerning their feasibility and resource implications.

Summary:

- the following new timeliness targets are under examination for the following PEEIs:
 - > GDP flash estimate (quarterly) advanced from 45 to 30 days;
 - > Industrial Production Index flash estimate (monthly) advanced from 40 to 30 days (full details at 40);
 - > Industrial output prices advanced from 35 to 30 days;

- > Labour Cost Index (quarterly) advanced from 70 to 60 days;
- > new housing indicators (quarterly) at 90 days.
- the use of flash estimates to improve timeliness is promoted;
- estimates should be based on sufficient statistical content;
- targets refer to the release of European aggregates;
- national contributions to European aggregates should be made available to Eurostat in advance, if need be under embargo;
- the coordination of the releases of, in particular, flash estimates should be strengthened;
- timeliness targets for European aggregates should aim at clusters around 30/60/90 days after the reference period, wherever this is possible and meaningful, in particular for national accounts. The timeliness of national contributions must be aligned accordingly.

Quality aspects other than timeliness

Quality has several other dimensions than timeliness. The 2007 EFC Status Report clearly pointed the attention on strengthening accuracy, reliability and communication of PEEIs.

In 2006 and 2007, the EFC Status Report already identified the quality elements to be emphasised to compile more reliable and accurate PEEIs: since accuracy and reliability are often measured in size and frequency of revisions, attention has to be drawn to revision policies and revision analysis; the signal provided by the data should be separable from the noise contained in it, in order to ensure the comparability of data, emphasis has to be put on the harmonisation of seasonal adjustment compilation practices; coverage and length of time series has to be improved and, thus, monitoring and compliance analysis have to be strengthened; quality could improve through an enhanced use of innovative solutions and new working practices, in particular IT technologies; good data are necessarily accompanied by good metadata; communication aspects are key for promoting PEEIs and their quality; the efficient exchange of information in the ESS is essential in the compilation of PEEIs; strengthening the co-ordination among PEEIs and with basic statistics will enhance the overall quality of the PEEIs dataset.

The definition of a common quality framework for PEEIs, for quality reporting and dissemination would enhance the communication about quality of PEEIs.

Summary:

- in general, more emphasis is placed on improving accuracy and reliability of data;
- coverage and length of time series have to be improved;
- revision policies and revision analysis is promoted;

- harmonisation of methodological aspects, like seasonal adjustment, are promoted;
- monitoring and compliance analysis with legal obligations and voluntary commitments have to be strengthened;
- innovative solutions and new working practices, in particular IT technologies, are promoted;
- communication aspects have to be emphasised;
- no data without metadata;
- efficient exchange of data and metadata in the ESS is promoted;
- the coordination among PEEIs and with basic statistics has to be strengthened;
- a quality framework for PEEIs has to be set up.

Principal European Economic Indicators (PEEIs) – review, conclusions and key messages

PEEIs	Current release of European aggregates	Legal date of transmission from MS to Eurostat	Target date of transmission	Proposed elements for the EFC Status Report 2008 with respect to scope, timeliness and quality (accuracy)
Set 1: Consumer price indices				
1.1. Harmonised Consumer Price Index: MUICP flash estimate (monthly)	0 (over 95% EA)	30	0	Breakdown of flash estimate into main components: unprocessed food, processed food, industrial goods excl. energy, energy, services is a desirable long term objective. In medium term a decomposition into energy and non-energy should be explored.
1.2. Harmonised Consumer Price Index: actual indices (monthly)	14-16 (100%)	30	17	Quality is the main challenge, not timeliness. Intermediate operational objectives to be detailed like implementation of agreed quality adjustments standards, HICP weightings, information on impact of quality adjustment on prices
Set 2: Quarterly national accounts				
2.1. Quarterly National Accounts: First GDP estimate	45 (~95% EA, ~87% EU)	70	Flash at 30 (instead of 45)	Timeliness targets in medium term for quarterly national accounts with respect to euro area totals, a 30-60-90 cycle of releases (in line with the United States):
2.2. Quarterly National Accounts: GDP release with more breakdowns	64 (~97% EA, ~94% EU)	70	60	30 GDP flash: investigations under way 60 GDP and main output, expenditure and income side components – employment breakdowns 90 complete set of quarterly national accounts including quarterly accounts for institutional sectors (financial and non-financial) and quarterly public finance
2.3. Quarterly National Accounts: Institutional Sector Accounts	123 (90% EA, 88% EU)	95/90	90	Coordination with Member States is a necessary condition as coordination with input from basic statistics. The loss of accuracy associated to the improvement of timeliness must be kept within acceptable limits. Therefore a testing period is vital before release.

2.4. Quarterly National Accounts: Government Finance Statistics	98 (100%)	90	90	All countries' data have reached an overall good quality and are currently published on a quarterly basis, as well as the corresponding euro area and EU aggregates. Nevertheless, a few countries still restrict the publication of some variables in the releases of the first 3 quarters of the year because of quality concerns. These countries are asked to lift the publication restrictions. In medium-term, some data should be provided at t+80 days, also to serve as an input into the quarterly section accounts.
Set 3: Business indicators				
3.1 Industrial production index (monthly)	42 (~93%)	40 large MS 55 small MS	flash 30, in addition to full release at 40	Timeliness: some countries already publish at t+30; sharing of experience with Member States, who currently have very different collection systems. Important input to GDP flash estimate. Investigation of the feasibility of a flash estimate at t+30 under way.
3.2 Industrial output price index for domestic markets (monthly)	32 (~96%)	35 large MS 50 small MS	30 (instead of 35)	Timeliness: a medium term target of t+30 should be possible; Investigation into methodological aspects including quality adjustment is desirable
3.3 Industrial new orders index (monthly)	52 (~97%)	50 large MS 65 small MS	50 (40)	Timeliness: not a big emphasis. The main concern is the property as leading indicator for euro area industrial production. The large differences across MS are to be looked at by a Task Force, from which results are expected during 2009.
3.4 Industrial import price index (monthly)	[42]	45	45	---
3.5 Production in construction (monthly)	49 (~95%)	45 large MS 60 small MS	45	The transition from quarterly to monthly frequency has increased the volatility of data; to be reviewed, sharing of best practices encouraged.
3.6 Turnover index for retail trade and repair (monthly)	33 (~99%)	30	30	Improvement of reliability required for t+30 flash
3.7 Turnover index for other services (monthly instead of quarterly)	60 (~87%)	60	60	Switch to monthly frequency under examination, problems to be reviewed for MS depending on data source used
3.8 Corporate output price index for services	na	--	60	Deflation of 3.7 possible when prices available, which could lead to more interpretable data; target to be defined, separate coverage of prices in terms of client group (businesses, consumers, all)

Set 4: Labour market indicators					
4.1	Unemployment rate (monthly)	30 (~81% EA, 78% EU)	--	30	Timeliness is not an issue. The pros and cons of changes to the 1-hour criterion (ILO concept) will be assessed by a Task Force on indicators to supplement the ILO unemployment rate (threshold may be different from ILO). Results are expected by 2010.
4.2	Job vacancy rate (quarterly)	75 (67% EA, 78% EU)	--	45	Implementing regulation to be adopted in 2008, running-in phase will take 1-2 years
4.3	Employment (quarterly)	74 (~85% EA, ~75% EU)	70	45	Timeliness: t+45 is a good medium/long term target; Feasibility study of earlier flash estimate to be checked (t+30). Link to the general national accounts framework Quality: Increased and sustained efforts on hours worked required.
4.4	Labour cost index (quarterly)	74 (78% EA, 82% EU)	70	70	Timeliness: in the short term stick to t+70, but investigate feasibility of t+60 as target from 2012. Feasibility study of a flash estimate of EU aggregates at t+45 under way. Quality: equally important as timeliness, especially hours worked.
Set 5: External Trade indicators					
5.1	External trade balance: intra- and extra-MU; intra- and extra-EU	48 (100%)	40	46	This target will be secured by the adoption of the new Extrastat legislation in 2010.
Set 6: Housing indicators					
6.1	Residential property price index			90 at least quarterly	Quarterly index appears feasible as a result of the Owner-Occupied Housing pilot project; it is proposed to directly include it into the PEEI list.
6.2	House sales			90 quarterly	More methodological work required (Housing Steering Group)
6.3	Building permits			90 quarterly	Results as administrative data sometimes unreliable; alternative to be examined in the form of "housing starts". Examination feasibility in the same Task Force as is dealing with industrial new orders.

3. Strengthening accuracy, reliability and communication on PEEIs

Accuracy and reliability targets

One of the successful aspects of the PEEI approach was the monitoring and reporting of the progress achieved towards well defined PEEIs targets combined with the awareness of the political fora of the progress achieved. The monitoring and reporting tasks were facilitated by the fact that the main focus of the PEEI approach has been on availability and timeliness of a certain number of indicators, two specific aspects of quality that are relatively easy to measure (regular EFC Status Reports).

Now the emphasis will also be put on reliability, accuracy and harmonisation. To measure the progress in these aspects a set of measurable targets has to be set up to allow the monitoring and assessment of progress. Several actions to improve quality have been already activated in specific areas and, in some cases embedded in new legislation. The new PEEIs targets could benefit from these experiences and be derived to match the reporting requirements. Criteria should be linked to measurable aspects (e.g. revisions analysis, minimum coverage of basic information, compliance with methodological recommendations, etc.) and be assessed on the basis of common performance indicators. Specific implementation plans should translate the achievement of these targets in steps to be monitored through the regular annual reporting on the progress of PEEIs.

Interdependence of PEEIs – PEEIs as a dataset

PEEIs have usually been considered as a set of relatively independent indicators, assembled because of their relevance in supplying information for short-term economic analysis purposes at European level. When reviewing the PEEI list in terms of scope, timeliness and quality, the interlinked nature of the indicators on the PEEI list has become quite evident. For instance, information on industrial production serves as input indicator for GDP, and hence should be available in time for the GDP compilation. Improvements, developments, monitoring, quality assessment of the PEEIs should be considered with respect to the PEEIs dataset as a whole, adapting targets and quality indicators to this dimension. This requires an effort that goes beyond single statistical areas or indicators. For example, new quality measures to be attached to the entire dataset should be conceived: it is important to check and report not only on the quality of single indicators but also on that of the overall dataset. It would be important to assess whether the message coming from the different indicators is coherent, whether some indicators are good predictors of others and how the revision policy, the seasonal adjustment and the release calendar of different PEEIs affect each other.

PEEIs are also closely related to basic statistics. Therefore, the role of basis statistics in setting up the PEEIs strategy has to be taken into consideration. The compilation of quarterly sector accounts is a good example. Their development at European level requires producers to explore and coordinate with quarterly national accounts – main aggregates -, balance of payments, external trade, input/output tables, public finance statistics, EDP notification, etc. Similar situations exist for other PEEIs.

Therefore, an integrated vision of the PEEIs system is necessary before fixing the guidelines for compilation, dissemination and analysis of the PEEIs dataset.

Dissemination and communication

Another key element in the success of the new PEEI approach is the dissemination aspect. The PEEI dataset should be easily accessible and its consultation user-friendly. It should allow users to retrieve the information they need both on specific indicators and on the entire dataset. Furthermore, all relevant related information should be easy accessible too. Different groups of users have to be considered: advanced users that require precise information covering long and complete time series, detailed metadata, methodological papers, inclusive legal references, etc.; and generic users that want to have an overview of the European economy, possibly complemented by country-by-country views, and a glance at the entire set of indicators. Dissemination has to be supported by the most reliable dissemination tools on the web, including attractive representation of data. The Eurostat PEEIs website opened in October 2007 is an important step in this direction.

In addition, the importance of an effective and clear communication on PEEIs has been emphasised in several occasions during the last years. The recent initiatives taken concerning HICP communications are outlined in Annex III. The new PEEI strategy should emphasise the communication aspects on the indicators but also on the related aspects, both practical and methodological.

The experience of the flash estimates of GDP and the coordination of release dates at European level stressed the impact that PEEIs could have if a well conceived and coordinated communication strategy is planned and applied by all parties.

The communication strategy should aim to strengthen the trustworthiness of PEEIs, reinforce the European dimension of PEEIs, clarify methodology, harmonisation aspects and compilation practices for single PEEIs and promote the PEEIs brand as a quality product of for both national and European figures.

4. Co-ordination topics related to PEEIs

The PEEIs primarily aim to provide high quality information for the purpose of monetary and economic policies and for business cycle analysis at the euro area/EU level. Such an approach requires co-ordination and harmonisation at European level, notably on specific relevant topics among which release calendars and revision policies, methodological enhancement, data exchange and dissemination and introduction of major methodological changes across statistical domains and countries. These aspects continue to be key elements of the European approach for the PEEIs from the outset.

The continuous improvement of methodological aspects related to PEEIs is a key factor for the PEEIs dataset. Some methodological aspects are common to most of the PEEIs and can be analysed according to a comprehensive and global approach (guidelines on seasonal adjustment, backward

calculation, temporal disaggregation, etc.); other aspects are more targeted to single indicators or subsets of indicators (chain linking and volume measures for quarterly national accounts, quality measurements for HICP, etc.).

Furthermore, sharing best compilation practices, experiences and national approaches to the compilation of the indicators should improve the overall global quality of PEEIs.

Therefore, a strategy for the development of a coordinated and possibly harmonised methodology for PEEIs should be one of the first priorities in this area.

Release and revision policies

Harmonisation should go beyond the methodological and compilation aspects and touch also on issues that have a particular European dimension. A typical example is the setup of a common harmonised revision policy for PEEIs in general and for single PEEIs in particular, which should be sufficiently general when oriented towards the PEEIs dataset as a whole and detailed yet flexible for single PEEIs.

The progress towards common *release calendars* continued to be successful in 2008 through explicit coordination actions (GDP flash estimates) or implicit convergence associated to the legal deadlines for transmission of data. This strengthened the direct impact of the release of European and Member States' results in the media. Member States are asked to continue the efforts towards a full coordination of the GDP flash estimate release with the aim of publishing on the exactly the same day.

Important steps have been taken towards developing harmonised *revisions policies* owing to the work done over the past years by both national and international statistical organisations. In particular Eurostat started developing general principles for a harmonised revision policy focusing on PEEIs. Eurostat set up more concrete steps in the field of national accounts and presented the first elements of a harmonised revision policy for national accounts embedding the concepts of revision strategy, revision analysis and communication on revisions.

A completely harmonised revision policy still remains a major long-term objective to be achieved in the context of the strategic approach to PEEIs. Revision policy will have to be detailed by statistical areas or indicators, taking into consideration the characteristics of the statistical sources, the organisation of the national statistical systems and the interrelation with European compilation requirements. For those indicators or areas for which progress appears achievable already in the foreseeable future, efforts have to be increased, in line with the general principles.

The relevance of revision analysis has been confirmed by the regular exercise run at national and international level. Revision analysis offers an instrument for deriving information on the quality (reliability) of released data and enables producers to improve the compilation process by helping in the identification of problems and/or improvements to the statistical process. A common set of revision indicators, by statistical domain and/or generally established for the PEEIs dataset, would

contribute to enhance the comparability of revision analysis between countries. Key element for the revision analysis is the availability of historical vintages for PEEIs. In 2008, Eurostat continued the development of an historical database for this purpose.

Information and transparency about revision policies and practices is a key element for users and producers. A harmonised revision process has to be accompanied by a clear communication strategy that should cover, at least: (a) the communication policy on major statistical revisions (2007 CMFB guidelines on communication of major statistical revisions in the European Union); (b) the communication on national and European release calendars; (c) the communication policy on routine revisions (frequency, impact on key indicators, reasons, etc); (d) an harmonised approach (as much as possible) to communication contents; (e) a harmonised approach to communication on revision analysis.

Seasonal and calendar adjustment

An enhanced harmonisation of seasonal and calendar adjustment practices for PEEIs and for all infra-annual statistics in general, as well as improvements on the communication on seasonal and calendar adjustment, continue to be a high priority in order to improve the quality and comparability of national data as well as to enforce the reliability of European Union and euro area indicators.

In 2008 several initiatives in this area have been put in place. The joint Eurostat/ECB Seasonal Adjustment Steering group released a set of guidelines for seasonal and calendar adjustment. The Steering group has also proposed a new metadata template for seasonal adjustment to facilitate the exchange of information among producers and users and defined the framework for the development of ESS IT tools for seasonal adjustment. The European Statistical Training on Seasonal Adjustment also continued successfully.

Furthermore, more specific recommendations for quarterly GDP and its components have been issued by a joint Eurostat/ECB Task Force.

The success of these efforts relies on the implementation of the recommendations by national data compilers and Eurostat in due course. In addition, a regular monitoring activity of the implementation of the recommendations will contribute to speed up the harmonisation.

The approach adopted for quarterly national accounts should be followed for other PEEIs, such as short-term business and labour market statistics, so as to coordinate the already existing actions and foster the harmonisation of the current adjustment practices that are not sufficiently comparable for the moment.

The regular compilation and provision of purely calendar adjusted figures will help to disentangle the effects of seasonal and calendar adjustment in euro area and EU data, which was thus far difficult for short-term economic indicators, notably national accounts data. The new reporting obligations established in December 2007 by the revised national accounts transmission programme should

provide the necessary information on this subject. Member States are encouraged to step up their efforts to comply with these new legal requirements.

Data exchange and dissemination

Data exchange and dissemination have been a key element in the success of the PEEIs initiative. The innovation in the communication tools, in the instruments for disseminating statistical indicators and the new approaches to release statistical information are factors that have to be necessarily considered and encompassed in a PEEIs strategy in the short- to medium-term.

Worldwide, the UN Statistical Commission recognised and supported SDMX (Statistical Data and Metadata eXchange) as the preferred standard for the exchange and sharing of data and metadata and requested that the sponsors (BIS, ECB, Eurostat, IMF, OECD, UNSD and World Bank) continue their work on this initiative and encouraged further SDMX implementations by national and international statistical organisations.

In Europe, progress continued in the work on a *common dissemination platform* in the ESS based on data sharing (the SDMX Open Data Interchange - or SODI - project). The central IT infrastructure for SODI is in place, but most countries in the SODI task force are still at an early stage in developing the data warehouse systems needed to assure regular delivery of PEEIs via the SODI system.

The SDMX implementation strategy for the ESS endorsed by the SPC in February 2007 has been translated in an implementation plan that aims at a phased introduction of SDMX-ML for data transmission for suitable statistical domains up to the end of 2009. In addition, Eurostat will provide SDMX-ML as an alternative dissemination format in 2009.

Work is in progress to develop Data Structure Definitions (DSDs, formerly known as key families) and to determine how SDMX can best support improved business processes for the domains concerned.

The worldwide common comprehensive DSDs for national accounts entered in production in December 2007. The DSDs provide the ESS and the ESCB with the necessary data identification means for the implementation of the SDMX standard for data transmission.

The successful modernisation of the technical aspects of the production also require harmonised reference metadata and the development of common IT tools appropriate for integration in automated processes (for example, software for conversions and statistical validation, tools for seasonal adjustment, etc.). With regard to structural and reference metadata more harmonisation will be achieved through a successive implementation of the SDMX statistical standards within the European Statistical System. Nevertheless, the continuous improvement of statistical data exchange and dissemination requires, in the short-medium term, an active involvement of data producers (NSIs, NCBs and other contributing institutions). Therefore, all Member States are urged to continue to

optimise their systems and adopt and implement the common standards for structural and reference metadata and message formats (SDMX-EDI and SDMX-ML) for PEEIs.

Implementation of NACE Rev. 2

A major methodological change affecting PEEIs will be the introduction of a revised statistical classification of economic activities, called NACE Revision 2 (NACE Rev. 2). The new classification concerns, directly or indirectly, most of the PEEIs, and its implementation requires a coordinated approach, by statistical areas and across different statistical domains.

NACE Rev. 2 was established by Regulation (EC) No 1893/2006. The legal act foresees specific regulations for implementation in the various areas detailing the respective contents and the timetables. The PEEI areas included are short-term business statistics, national accounts, labour market statistics, consumer prices, external trade.

Due to the number of statistical domains affected by these methodological changes and the interrelations among the indicators, the introduction of NACE Rev. 2 creates a potential risk for the availability of a coherent and consistent set of PEEIs in the initial phases of implementation. For this reason, Eurostat coordinates the implementation phases across statistical domains and within the ESS: recoding first the business registers, then short-term and structural business statistics and finally national accounts. However, the success of the coordinated approach strongly depends on the commitment of Member States and on the strict respect of the agreed timetables. The failure or the delay in the implementation in a single area or country will inevitably affect the achievement of the overall European targets.

The implementation of NACE Rev. 2 has already started and covers a period from 2008 till 2011, according to the domain.

Despite the efforts to ensure a smooth and efficient introduction of NACE Rev. 2, there were problems with the first domain due to the switch to the new classification – the Labour Force Survey. It is crucial to ensure smooth and coordinated introduction of NACE Rev. 2 and Member States are strongly called upon to respect their obligations as stated in the implementing regulations.

The following paragraphs report on the current status of the implementation of NACE Rev. 2 in the three major areas of key short-term statistical indicators concerned.

- *National accounts*

National accounts will be the last statistical domain to move to NACE Rev. 2 since national accounts are compiled using basic statistics that have to implement the revised classification first. The implementation regulation is currently in the phase of concluding the technical discussions and will enter the legislative path by the end of 2008 (the same regulation covers the implementation of the revised Classification of Products by Activity (CPA)). The regulation foresees the first transmission of

national accounts data by September 2011 (main quarterly and annual aggregates) and the progressive implementation throughout the national accounts according to the transmission timetable of national accounts aggregates. Longer time series are due by September 2012.

Although national accounts data in line with the NACE Rev. 2 is only due in 2011, the first exchange of views with Member States, possible requests for derogations to the implementing regulation, as well as the unavailability of the breakdowns of basic statistics according to the new classification according to the foreseen time schedule, already generate strong concerns about possible delays. Therefore, it is very important that Member States fully adhere and commit towards the timetable of the forthcoming implementing regulation and ensure the availability of the basic statistics necessary to compile national accounts figures according to the new classification. Transition to the NACE Rev. 2 ahead of the European releases should also be avoided, in order to prevent incomparable national data.

Meanwhile, national accountants have to ensure the regular production of national accounts according to NACE Rev. 1.1 combining in an appropriate way basic information classified partly according to the old and partly to the new NACE (in particular for quarterly national accounts).

- *Short-term business statistics*

The introduction of NACE Rev. 2 in short-term business statistics (STS) – and simultaneously a new base year of 2005 - is certainly the biggest challenge facing these indicators in 2008/early 2009. It impacts on all STS indicators.

The EP and Council Regulation in 2006 that introduced the NACE Rev. 2 already fixed the date for the first data transmission of STS as the first data for January 2009 (or first quarter for quarterly data). During 2007 Eurostat worked on various “infrastructure” tools to assist the Member States, including correspondence tables adapted to the needs of STS and a manual on backcasting, as well as giving financial grants. During 2008, the implementation work continues in Member States. In addition, Eurostat invested in setting up a new production environment for short-term statistics following the new NACE.

A Commission Regulation approved by the Statistical Programme Committee and adopted by the Commission on 29 May 2008 fixes the form, periodicity and level of detail of the indicators. In particular it specifies that all series should be recalculated back to January 2000. This seems the shortest series that allows the users to do proper analysis and the statisticians to do seasonal adjustment. It is vital that all Member States respect their obligations and transmit the NACE Rev. 2 data on time at the beginning of 2009. A mix of NACE Rev. 1.1 and Rev. 2 at the beginning of 2009 would make it impossible for Eurostat to publish STS by NACE at all. ⁷

⁷ Minor exceptions are allowed in a few cases where the new NACE requires significantly more detail or even in a few cases extends the scope of STS indicators to activities for which these statistics were not compiled in the past.

Eurostat initiated quarterly monitoring reports from the beginning of 2008. The results in the first two quarters indicate big differences among countries and in some countries among the different areas (industry, construction, retail trade and other services). There is noticeable improvement between the first and second quarters, but many countries still have a lot to do in the second half of 2008 to achieve the targets. Eurostat will ensure continued follow-up and support right up to the first data transmissions in early 2009.

- *Labour market statistics*

The Labour Force Survey (LFS) was scheduled to introduce NACE Rev. 2 in 2008. The LFS is actually the first EU survey implementing NACE Rev. 2. However, compliance with the legal deadlines has been far from satisfactory. Nine out of the 27 Member States have not implemented the new NACE in 2008, but will do so only in 2009 (providing then data also for 2008). While the LFS is not key for the PEEI, it is central to quarterly and structural labour market statistics. In such a case, non-compliance is most worrying. Due to voluntary double-coding by Member States, results for 2008 can be broken down by the old NACE. The calculation of European aggregates according to the new NACE Rev.2 is, however, delayed by one year.

As to *employment* according to the national accounts concept, the timetable is the same as for national accounts with a first delivery scheduled by September 2011.

Concerning the *Labour Cost Index*, first data according to NACE Rev. 2 are scheduled to be delivered in June 2009. A report on implementation progress by Member States due by the end of August 2008 is currently being analysed. So far, no problems or expected delays have been reported to Eurostat.

C - PEEIs in the coming years: a strategic approach

The decisions on PEEIs adopted and implemented today will drive the availability of European short-term economic indicators in the next 5 to 10 years. The strategic approach to the future of PEEIs has therefore to be forward looking and fix the references for the development of European short-term economic statistics in a way to catch present and future needs in this area.

Different time horizons may be considered in the strategic approach: a short-term horizon of 2-3 years for actions that have already been started or that require an immediate reaction by the ESS; a medium-term horizon that covers the strategic implementation up to 5 years from now (to 2012); a long-term horizon that encompasses the strategic targets in the coming 8 to 10 years.

The overall strategy considers general targets/principles and specific statistical areas implementation plans.

1. General targets/principles

The elements of the PEEIs approach that proved to be successful will continue to be the backbone of the PEEIs strategy and will underline the future developments:

- thorough and regular consultation between users, producers and policy makers;
- regular monitoring and assessment of the progress towards the achievement of the new targets and the respect of the timetable (role of the EFC Status Report);
- emphasis on European totals;
- emphasis on all quality aspects (timeliness, coverage, accuracy and reliability);
- continuous methodological improvements;
- research agenda for developing appropriate solutions to technical and methodological problems;
- sharing best practices, constructive peer pressure through a friendly competition among Member States.

In addition, the following aspects should become more prominent:

- *PEEIs as a product of the ESS*: PEEIs will increasingly become a product of the ESS and, as such, they will be compiled in the context of the ESS production process. This means that the exchange of information among Institutions and Member States will have to be facilitated and the competence of some NSIs in specific areas emphasised. The development of "centres of excellence", in particular for methodological research, will enhance the development of PEEIs.
- *coordinated methodological and practical developments*: the interrelations among PEEIs will become more evident; all developments of specific PEEIs will impact on most of the other indicators and will have to be run in accordance (methodological developments, compilation practices, major policies). The role of the ESS as coordinator of the entire process will increase encompassing new and more guidelines, recommendations and harmonised policies.
- *coordinated implementation*: the compilation of PEEIs will require a stricter coordination for the practical implementation of major methodological changes and revisions. Such coordination should aim to ensure a scheduled and harmonised impact of such events on the indicators.
- *European vs. national indicators*: the main target of PEEIs is the development of indicators for the euro area and the European Union. Nevertheless, the challenge for the coming years is not only to provide such figures but to complement them by details at national level (at least for large Member States).
- *statistical burden*: the progress on PEEIs should be achieved within the context of the objective of an overall reduction in the administrative burden, as set out by the 2006 Communication of the Commission on reduction of the response burden, simplification and priority-setting in the field of Community statistics (COM (2006) 693 of 14 November 2006). Nevertheless, the statistical priorities associated to the PEEIs strategic approach may call for new or enhanced statistical surveys and the compilation of statistics that are of vital importance for European

policy-making and will continue to require that Small and Medium Enterprises (SMEs) are also obliged to meet some statistical reporting requirements.

- access to existing data: the achievement of the renewed PEEIs targets stresses the need to obtain full access to all required suitable data, including confidential statistical data, and to use and exchange them within the ESS and between the ESS and the ESCB and vice versa, provided that they are necessary for the efficient development, production and dissemination of European statistics or for increasing their quality, and protected by strict confidentiality safeguards.

2. The way forward

The way forward for the ESS to make progress and achieve the new targets consists, beyond the traditional means for improving the statistical production, in strengthening the PEEIs initiative, apply the PEEIs principles and constantly monitor the entire PEEIs process:

- ambitious targets: the PEEIs overall strategy should emphasise the three step approach (short-medium-long term targets) so to: (a) provide a prompt reply of the ESS towards new users' requirements; (b) allow enough time to develop and assess the progress towards medium and long term targets; (c) fix ambitious long term targets so to allow the ESS to set up a clear approach to the future; (d) fix meaningful and achievable agendas and timetables for the developments of the indicators; (e) prepare an adequate communication strategy; (f) coordinate major actions at European level.
- short-term targets and strategy: the short-term targets represent the answer of the ESS to needs already expressed by users and related to the current economic situation. The achievement of these targets relies on the current PEEIs strategy, on the technical work of the specific areas working group, on newly established legislation.

Means: detailed analysis of PEEIs and their performances (PEEIs in focus); sharing best practices among compilers; working groups; monitoring compliance of Member States; enhancing dissemination and communication; enhancing data exchange.

- medium-term targets and strategy: the medium-term targets represent the core of the PEEIs strategy for the next five years (till 2012). They rely on the overall strategy described in the previous sections and on medium-term plans for specific areas.

Means: specific areas medium-term plans; workshops and seminars; updated PEEIs implementation plans; methodological coordination (e.g., recommendations on seasonal adjustment, harmonised revision policy, harmonised backward calculation).

- long-term targets and strategy: the long-term targets identify more ambitious goals related to PEEIs and to what should look like PEEIs in the next 8-10 years. The strategy is a forward looking exercise whose elements can only partly be specified now. It relies on a research agenda

that should pave the road and choose the appropriate approach for the future developments of PEEIs.

Means: research agenda; coordination of users' requirements, producers' constraints and messages from the markets.

3. Specific areas medium-term plans

The following paragraphs detail the medium-term strategies for the statistical areas identified in the reviewed PEEIs list. The extent of the strategy depends on the number and complexity of the indicators and on the progress already achieved in each single area.

a. **Consumer Prices**

Previous EFC Status Reports have stressed that, since the HICP plays a key role for economic analysis in the European Union, its quality is of utmost importance. The 2006 Report therefore identified the main priorities for further development as: quality adjustment, a specific index including consumer expenditure on owner-occupied housing and a review of the relationship between the HICP and the national CPIs. In 2008, the ESS worked towards enhancing HICP measures.

In February 2006 the SPC discussed and supported the HICP Strategy 2006-2008 which aimed in particular to improve statistical governance and working arrangements with Member States, speed-up methodology development and further improve the quality of monthly HICPs and the flash estimates, as well as to improve the credibility of the HICP through a more effective communication policy. A detailed work programme for the HICP covering the period to 2008 was set out.

Progress in each of the key areas is as follows:

Owner-Occupied Housing (OOH)

Owner-occupied housing remains the highest priority project for the HICP. Participants of the second stage of the pilot compiled experimental housing price indices supported with metadata. The continuation of the pilot work, which is being extended to all EU countries with the exception of Malta, aims to provide harmonised data at the European level. In the next, final phase of the pilot work the necessary methodological improvements and the intensification of the work in those areas where the empirical findings are currently limited will be pursued.

Despite the progress in the availability of results, most countries still have to make substantial further progress. Moreover, given the short time span covered by the data from some countries, it is difficult to compile reliable European aggregates. Nevertheless, Eurostat has produced an experimental dwellings price index estimate for the euro area, using the available data and estimating missing data where necessary.

The aim of the continued cooperation with the pilot countries is to strengthen the achieved situation, to maintain the development and production work, and make necessary improvements to the indices.

Eurostat intends to continue the pilot work based on the approach adopted for the first pilot, i.e. the acquisitions approach for a self-standing index and the net acquisitions approach for HICP purposes. The pilot will cover five elements: price indices for new dwellings, existing dwellings, additional acquisition costs, major repairs, and land prices with a highest priority given to the development of the dwellings indices. The extended pilot will utilise the experiences and working methods of the first pilot.

The continuing pilot work will be supported by coordination actions, such as missions, workshops and meetings. Final results from the next stages of the pilot work are expected by December 2009.

In order to meet the deadline for the project, substantial statistical and resource issues need to be addressed and solved and a continuing commitment from all EU Member States is required. Moreover, providing a legal basis for the continuation and reinforcement of this work is seen by Eurostat and a large number of Member States, as increasingly useful and desirable.

Quality Adjustment

The Regulation 1334/2007 amending Regulation 1749/96 on quality adjustment and sampling was adopted in November 2007. Implementation has been going on since January 2008. Financial support for the implementation is being put in place during the second half of 2008. Beyond bringing clarifications and improvements on its own, it also opens the way for the implementation of previously agreed specific quality adjustment standards and to further specific standards to be developed by the Centre of Excellence on HICP quality adjustment (CENEX). In addition it facilitates the development of further sampling standards, the completion of the HICP manual and opens the door to the consolidation of the HICP legal framework in a single legal act (which will lead to simplification).

The CENEX, led by the German NSI, has a wide-ranging and important work programme including offering practical advice to NSIs on the implementation of the currently agreed standards as well as the development of additional product specific quality adjustment standards. The final report with the completion of the manual is due in the second half of 2008. In order to achieve the required improvements it may be necessary to enhance the legal basis of the product specific standards.

HICP compliance monitoring

The implementation of the new strategy on HICP compliance monitoring is well underway. It consists of five elements: the development of country expertise; the collection of improved metadata; enhanced data analysis; targeted compliance visits; and pilot work on micro-data analysis. Concerning the HICP compliance monitoring visits, generally the quality of HICP calculations in the countries visited was considered to be either satisfactory or good. There were only a few cases of non-compliance or the use of relatively weak data and/or methods. In some cases there was a need to provide further supporting analysis. In the remainder of 2008 and 2009, Eurostat will continue the compliance monitoring visits to Member States.

HICP Communications

A series of actions and activities have been agreed between Eurostat and the ECB in order to enhance communication efforts on the subject of inflation. The widespread perception of the euro as an inflation-driver, even six years after euro changeover, and the risk of mistrust of the general public in official inflation statistics, requires a more co-ordinated communication based on facts and figures. A number of specific key messages, which may be used in communication activities, has been agreed along with a set of concrete communication activities to be initiated by the participating institutions in the coming years (cf. Annex III).

Eurostat has carried out some investigative work on the collection of more detailed price statistics, in collaboration with both NSIs and key users. There are several drivers behind the need to develop more detailed price statistics, including contributing to the improved monitoring of Commission single market policies (e.g. the Lisbon strategy), their potential value for developing HICP communications, and their usefulness for developments such as the HICP at constant tax rates and HICP administered prices. A step-by-step approach to the collection and dissemination of more detailed HICP data will be taken. Request for detailed price data for a range of 85 products was sent to Member States in June 2008. Additional data (for social rents) has been collected since the second half of 2007.

Other issues

Work on the new HICP at constant tax rates (HICP-CT) is ongoing. The first evaluation of the HICP-CT pilot projects carried out in 17 EU Member States pointed to a number of issues that need to be addressed further, such as the final tax coverage, and the regular dissemination of the results. Countries' commitments towards ensuring the regular production are necessary. The euro area HICP at constant tax rates is due for publication in 2009; however this depends upon the provision of national contributions (notably Germany, Spain and Portugal, which will restart the work in autumn 2008 and Ireland and Italy, which will participate in pilot projects starting in autumn 2008).

Measures have been taken to further enhance the comparability and accuracy of the HICP. Analysis on the treatment of seasonal items has been completed. The draft Regulation is planned to be put to formal vote at the November 2008 meeting of the SPC.

Moreover Council Regulation (EC) No. 701/2006, which has been implemented since January 2008, ensures a harmonised approach with respect to the temporal coverage of the HICPs. The work to finalise the HICP manual started at the end of 2007. The production of a consolidated HICP legal text will only be taken-up during 2009.

The new Task Force on Sampling met for the first time in February 2008. Related work concerning the type of elementary aggregation formulae, the level of their application is also taking place in 2008.

The issue of weighting will be used as a pilot exercise for assessing whether more restrictive HICP requirements should be put in place (i.e. tighter minimum standards). The outline of a Regulation,

which aims at establishing improved minimum standards on weights, in particular annual updating and data source, has been discussed with the Member States.

The new Task Force on Administered Prices met for the first time in December 2007. The aim is to evaluate conditions for the ESS to produce an HICP of administered prices. The work of this Task Force should be concluded by a report to the HICP Working Group by the end of 2008.

b. National Accounts

The national accounts medium-term strategy has to take into consideration the fact that: national accounts is a coherent system; national accounts rely on basic statistics (most of which PEEIs); national accounts are used not only for economic and monetary policy purposes but also administrative uses at European Union level; the national accounts methodology will be revised in the coming years (e.g. SNA and ESA revision); national accounts compilation practices will become increasingly harmonised (price and volume measures, harmonised revision policy, recommendations on seasonal adjustment practices, etc.).

In this context, the system of national accounts should evolve around the concept of a cycle of three releases of data for a specific quarter for the European aggregates:

- 30 days **advanced estimates** (flash estimates) covering GDP, possibly employment and ideally few major expenditure components (by 2012, employment and GDP components at 45 days);
- 60 days **preliminary estimates** of GDP, main expenditure, output and income components; flash estimates of balance of payments;
- 90 days **final estimates** based on a more complete set of basic information and covering, in addition to the contents of the 60 days release, quarterly financial and non-financial accounts for institutional sectors and balance of payments statistics.

Such an approach will align the releases of European aggregates to the US practices (as already done by some EU Member States) and will confine the totality of the releases of data directly related to a specific quarter in the following quarter. In addition, it will enforce the coordination of the compilation of national and European aggregates and call for a specific sequence of compilation since some parts/figures are instrumental to the compilation of others. In particular, Member States figures should be made available to European compilers in time for the compilation (i.e. taking into account the time necessary for the technical calculations) and basic statistics should be made available to national and European compilers in time for the compilation too.

The 30-60-90 days approach will emphasise the timeliness aspect. Nevertheless, timeliness should not be achieved at any costs. Therefore, a cost-benefit analysis should be run for assessing the impact of timeliness targets on accuracy of the targets in terms of timeliness.

Other quality aspects will have to be taken into consideration, in particular the fact that national accounts represent a coherent and consistent system. Coherence and consistency should be ensured within different areas of national accounts, with basic statistics and between national and European figures. Such targets could be secured by a coordinated approach for the implementation at national and European level of major methodological changes (for example, the introduction of NACE Rev. 2, the implementation of the revised ESA, harmonised revision policy, seasonal adjustment recommendations).

Finally, communication aspects will play a key role in the medium-term plan. A communication strategy should accompany and complement the methodological improvements and aim to strengthen the trustworthiness in the entire system.

An adequate research and testing period should be allowed to Member States and European institutions to achieve the medium-term targets. The testing period should in particular aim to assess the feasibility of the targets, their compatibility with the current national accounts systems and the possible impact on key figures and their reliability.

The development strategy for national accounts should be supported by an adequate implementation plan. The following items represent the first broad elements of such implementation plan in the medium term (2008-2012):

- Year 2008:
- endorsement of the medium term plan by EFC;
 - endorsement of the Euro Area Accounts (EAA) work programme by CMFB;
 - monitor progress on the implementation of seasonal adjustment recommendations;
 - progress towards a common revision policy;
 - research towards GDP flash estimates at t+30 days;
 - general improvement towards PEEIs targets;
- Year 2009:
- draft of specific areas implementation plans;
 - progress in improving accuracy and reliability (sharing of best practices);
 - research on methodological issues (e.g., chain-linking, contributions to growth, flash estimates, etc.);
 - monitoring of progress towards targets;
- Year 2010:
- intermediate analysis of the general progress towards the objectives of the medium term plan;
 - further methodological work;
- Year 2012:
- achievement of medium-term objectives.

c. Short-term business Statistics

Following the 2002 Communication from the Commission to the European Parliament and Council, “Towards improved methodologies for eurozone statistics and indicators”, both the range and the timeliness of short-term business statistics have improved considerably.

Historically, short-term business statistics tended to focus mainly on industry and construction; efforts are ongoing to expand the data available on services. The 1998 STS Regulation required only turnover and employment. The 2005 amendment added service producer prices. A Commission Regulation at the end of 2008 will add hours worked and wages and salaries.

While recognising the need for these new data, statistical services in NSIs and the Commission are very conscious of the need to minimise the reporting burden imposed on enterprises. Some analysis was done for the 2008 Report to European Parliament and Council on the implementation of the STS Regulation (COM(2008)340). A wide range of information on sources and methods is regularly collected from Member States, which is summarised in a series of *PEEI in focus* devoted to a different indicator each year. Eurostat will intensify these exchanges of best practice among Member States to find ways to maintain or improve quality while minimising the burden, through greater efficiencies in data collection.

Following the improvements in timeliness and coverage of the STS, more attention will be given in the next years to improvements of accuracy and reliability.

Looking at the programme of the coming years, the following main actions are proposed.

NACE Rev.2. In 2009, the quality of the data based on the new NACE Rev 2 which will be delivered from January 2009 onwards will need to be assessed.

Retail trade turnover. The index of retail trade turnover is subject to rather high revisions, especially the first release at t+30 days. Eurostat will convene a task force with Member States to analyse the causes and seek solutions.

New orders in industry. This indicator is intended to be a leading indicator for future production. Unfortunately, while it has this predictive property for some Member States, it does not at all for others – and, as a consequence, not for the euro area in total. Eurostat with Member States will analyse the reasons for this and propose solutions.

Monthly Construction. The 2005 amendment to the STS Regulation required the index of production in construction to become monthly instead of quarterly (for those countries that contribute more than 2% to the EU total). Three years of experience show that this has introduced higher volatility in some national data. Methods used to estimate the monthly path differ widely between countries. Sharing of best practices between Member States Eurostat will foster improvements in reliability of this indicator.

Industrial producer price indices. A recent review of the PPI provided by countries showed surprising differences in price changes over time and between countries. Some of that probably reflects real economic differences, but a task force of many EU countries will examine the sources and methods, in particular issues such as allowing for quality change in the products, treatment of exchange rate changes, transfer pricing, etc.

Turnover and prices of services. The 2005 amending regulation introduced a requirement to develop service producer price indices, but the recognition that this is a new and complex area allowed for a transitional period up to August 2008 for almost all countries and even 2010 for some activities and (smaller) countries. The regulation restricts the coverage of these SPPI to transactions between enterprises (popularly called “business-to-business”). These indicators will be a valuable measure of inflationary pressure on enterprises’ costs. In addition, if combined with data on sales to consumers from the HICP, it will become possible to deflate the already existing series for total turnover in order to better assess the real volume growth in the service sector. A volume index of service production (analogous to the long-established index of industrial production) becomes a real possibility from about 2010 onwards. Currently both the turnover and price series are only quarterly. Following feasibility studies initiated by the 2005 amending regulation, Eurostat proposed to the working group in June 2008 to move the turnover index to a monthly frequency – some Member States agreed but a couple of the largest euro area countries did not. The proposal is currently on hold.

As can be seen from the list above, the number of issues to be addressed in the next couple of years is significant. All countries will be asked to participate and to invest in making these improvements in the accuracy and reliability of short-term business statistics, but it is considered the result will more than justify the effort through the supply of more reliable data for all users of these key macro-economic indicators.

d. Labour market statistics

For the **monthly unemployment** indicator the focus will be on a continuous fine-tuning of the current methodology while maintaining the existing t+30 target. A significant improvement in timeliness of indicators in the form of flash estimates of European aggregates using a LFS-based European sampling approach would require substantial changes to the design of the Labour Force Survey. This could, at best, be only a long-term objective.

The necessity to supplement the headline 'ILO unemployment rate' by a limited number of quarterly labour market indicators is well recognized. Work has been launched to explore the options with a view to agree on a common set of such indicators.

The legal basis for quarterly **job vacancy statistics** will soon be completed. In the coming years, priority will be given to timely implementation of the requirement, the exchange of experience between Member States and comprehensive quality assurance.

Employment: The complexity of the situation and the different sources for deriving the indicator were already underlined in several occasions. In the short-run, the timeliness of the headline employment figure (national accounts) has to be improved to meet the current PEEIs target (T+45 days). In the medium-term, the inconsistencies between the three sources of employment data, Short-Term business statistics, national accounts and Labour Force Survey, would need to be looked at in detail in order to take decisions on supplementing or improving the current national accounts indicator as headline employment. In the long-run it could be desirable to explore the possibility of supplementing the total employment indicator covering the whole economy (national accounts headline estimate on domestic employment) with an early estimate for a sub-indicator that is sensitive to business cycle fluctuations (i.e. focus on the non-farm business sector or an industry-based approximation of that) as is the case for the US benchmark. Furthermore, the above-mentioned changes to the LFS design could prove useful for estimating monthly employment estimates.

As regards the **Labour Cost Index**, quality improvement work, in particular regarding the hours worked component, will be the first priority. Synergies of this project with the work required on ESA hours worked should be supported. In addition, conclusions will be drawn from the ongoing feasibility study of a flash estimate of European aggregates at t+45. At the same time, it will be explored whether t+60 for the regular release can be achieved in a medium-term perspective.

e. External trade statistics

The main challenge for external trade statistics in the medium term is to well integrate the simplification of Intrastat and the impact on Extrastat of the simplification of custom reporting.

Intrastat

The Ecofin Council conclusions on reducing the administrative burden on business (November 2006) fully supported the Commission's ambitious goals on the simplification of Intrastat, and in particular welcomed the twin-track approach, in which further substantial progress on traditional simplification would be complemented by a switch to single-flow reporting in the medium-term. In this context, the Council stressed that a transition to a single-flow system, or the implementation of any other method that leads to a significant reduction in the statistical response burden, must not affect the availability, timeliness and quality of those national statistics that are crucial for European economic policy purposes, such as national accounts and the data on aggregate flows between the Euro area and other EU Member States.

In November 2007, the Ecofin Council analysed the progress report on reducing the administrative burden on business and priority settings and, on the basis of the warnings related to the impact of the simplification of Intrastat on other key short-term statistics, agreed with the objective to reduce the coverage ratio in the short-term while preparing a move to an alternative method in the long term, such as the single flow method, which requires further study.

The new legislation on Intrastat, providing a reduction of the coverage ratio for the arrival flows from 97% to 95%, could, depending on the progress in adopting the legislation by the European Parliament and the Council take place in 2009.

Even if the scope for further significant burden reduction in the short term is limited, Eurostat has to continue its work on long term solutions such as the single flow reporting, the simplification and harmonisation of classifications and better use of administrative data, in particular the integration of Intrastat and VIES (VAT information exchange system) declarations.

Extrastat

The crucial issue is the impact of future simplified customs reporting on the compilation of external trade statistics. The simplifications envisaged in the Modernized Community Customs Code might have significant implications on the completeness and quality of statistics on trade with non-EU countries. Centralised Customs Clearance will disassociate the trade flows from the place where these trade flows are reported to Customs. Without clear indication on the customs declaration of the true importing and exporting Member State and without establishing a data exchange system which would transmit this information between Member States, the quality of national data will be affected. National statistics might overestimate or underestimate the true imports and exports of the individual Member States. In addition, the possibility of Customs self-assessments carried out by the traders without the obligation to submit the customs declaration may lead to complete loss of customs data as data source for statistics. These aspects are taken into account in the preparation of a new legislative framework for Extrastat. The new legislation, to enter into force in 2010, will guarantee completeness of the statistics and correct allocation of the trade flows to the Member States.

f. Housing market statistics

In recent years, the analysis of housing markets has been intensified and so has the demand for high quality statistics on national, euro area and EU housing market supply and demand conditions, in particular changes in residential property prices over time. Although work in this area has progressed, notably for production, residential investment and the price indices on rents in the HICPs, the situation for other key indicators is far from being satisfactory. The following indicators have been included in the list of revised PEEIs: residential property prices, house sales and building permits.

The existing sets of national house price indices include price statistics from various sources, in several cases compiled outside the field of official statistics. The concepts underlying these indicators

can differ widely, in particular with respect to the type of underlying price data (transaction prices, appraisal values, judgements by market experts, offer prices), the coverage of regions and dwelling types (some of them cover only urban areas or capital cities or existing dwellings) and the treatment of attributes that differ between units for which prices have been collected over time. In addition, quarterly indicators are not yet available for Germany, Italy, Cyprus and Luxembourg. Given these differences in the statistical concepts and quality of existing housing markets data, the development of comparable, timely and high frequency statistics on changes in *residential property prices* is essential. In line with the EFC requirements, priority has been given by the ESS to the pilot project for compiling a price index on owner-occupied housing (OOH). In this context, a pilot work involving twelve Member States was completed in 2007. The current, final stage of the pilot project foresees the completion of this project, which is being extended to all EU countries with the exception of Malta, and aims to provide harmonised data at the European level. The necessary methodological improvements and the intensification of the work in those areas where the empirical findings are currently limited are also being pursued.

The aim of the continued cooperation with the pilot countries is to strengthen the obtained results, to maintain the development and production work, and make necessary improvements to the indices. The continuing pilot work will be supported by coordination actions, such as missions, workshops and meetings. Final results from the next stages of the pilot work are expected by December 2009. Member States are called to step up their efforts and enhance their commitment in the pilot project. It is stressed that the regular production and dissemination of residential property price statistics is important regardless of the final decision on the treatment of owner-occupied housing in the HICP. In order to ensure the regular EU-wide production and publication of this new statistical product, a legal basis will need to be established at the EU level.

Next to house price data, transaction data – at least at quarterly frequency – are necessary to assess the dynamics of housing market activities. This comprises both the *number of residential dwellings sold* as well as the *transaction values*, e.g. in the context of analysing housing financing. Whereas residential property price indices aim to reflect changes in prices and, therefore, correct for the different characteristics residential dwellings have over time, transaction values reflect the expenditure on purchasing a house or flat. Currently, statistics on transaction values constitute an important gap in the field of non-financial housing statistics. Data on the number of transactions are available for several EU countries. However, these data stem from various sources and may not be comparable. Eurostat's pilot work on owner-occupied housing should contribute to the development of a more systematic approach to these statistics. The aim should be harmonised statistics for the number of house sales at least at a quarterly frequency and within three months after the reporting period (cf. revised list of PEEIs).

In the area of short-term housing markets statistics, which are provided by NSIs, the large revisions of *building permits* are still an important shortcoming (cf. revised list of PEEIs). A significantly improved reliability of early reported building permits would facilitate its use as a proper leading indicator for construction activities. As regards *construction price statistics*, a complete set of both input and output price indices is desirable. Currently, only the provision of input cost indices is obligatory, whereas output price indices can be used as proxies in cases in which input price indices are not available. Construction output price indices with a monthly frequency and a good timeliness would also be required for deriving price indices for self-built houses and for maintenance and major repairs.

Moreover, a proper analysis of the housing market calls for information on the *housing stock*. This involves data on the number of dwellings (at quarterly frequency) and in particular, data on the value of the housing stock. The latter is not explicitly mentioned in the revised list of PEEIs, but the recently revised ESA95 Transmission Programme (Table 26 – Balance sheets for non-financial assets, annual data with a timeliness t+24 months) requires NSIs to provide data on the capital stock in dwellings owned by households and non-profit institutions serving households (excluding land). Although not mandatory, NSIs are encouraged to provide data also on the stock of the underlying, residential land on a voluntary basis, at least for households and Non-profit Institutions Serving Households. This would facilitate the compilation of households' housing wealth (including land), which is an important variable for economic analyses since it can have significant effects on households' portfolio decisions.

Finally, it should be noted that population and housing censuses in EU countries are planned for 2011. They will be based on European Commission legislation which is expected to come into force in 2008. Data will become available not before early 2014.

II. Other ongoing statistical work

On 13 November 2007, in its conclusion on the 2007 EFC Status Report, the Council "called upon the ESS to step up efforts to ensure the regular availability and high quality of the statistics for structural analysis" and invited Eurostat to report on the progress achieved in this area in 2008. This section reports on the progress achieved in structural statistics as identified by the EPC: (a) SNA and ESA review; (b) recording of *assets and liabilities of pension schemes in general government*; (c) quality of *price and volume measures of GDP and other national accounts aggregates*; (d) developments in *structural labour market statistics*; (e) statistics on *government expenditure* by function; (f) statistics on the *public sector in the EU* (g) comprehensive and comparable statistics on *population and migration*; (h) *productivity and growth analysis* (EU KLEMS project).

A - SNA and ESA review

In 2003, the United Nations Statistical Commission (UNSC) called for an update of the international System of National Accounts (1993 SNA) to bring the accounts into line with the new economic environment, advances in methodological research, and needs of users. The Inter-secretariat Working Group on National Accounts - comprising Eurostat, International Monetary Fund, Organization for Economic Co-operation and Development, the United Nations, and the World Bank - was mandated to coordinate and manage the SNA update project.

In February 2008, the UNSC approved in principle Volume 1 of the new SNA (2008 SNA) which includes the new accounting conventions on major issues like government pension schemes and other operations of the public sector, research and development, military expenditure, stocks and flows related to globalization and non-financial assets. Further to the mandate of the UNSC, Volume 1 was endorsed by the Bureau of the UNSC in August 2008. Volume 2 covers extensions such as satellite accounts and will be approved in 2009. Eurostat, the ECB and Member States have been actively involved in the preparation of the new SNA and will continue their efforts towards the finalisation of the 2008 SNA.

The ESA 95 revision has started in parallel to the SNA revision.

ESA 95 is an essential tool at European level, used for major administrative purposes (e.g. own resources, excessive deficit procedure, structural funds) and for the analysis of the coordination and convergence of Member States' economic policies.

To achieve the objectives set by the Treaty on the European Union, and more specifically Economic and Monetary Union, ESA 95 provides EU institutions, governments and economic and social operators with a set of harmonised and reliable statistics on which to base their decisions.

The revised ESA will have to be consistent as much as possible with the new SNA, as regards the definitions, accounting rules and classifications, so that the data for the European Union are comparable with those compiled by its main international partners. Nevertheless, the ESA incorporates certain differences, particularly in its presentation, which are more in line with its use within the European Union. This specific use requires in fact greater accuracy in the definitions, classifications and accounting rules. Contrary to the SNA, the ESA is based on a Regulation comprising binding rules to ensure comparability at EU level, and a compulsory data transmission programme. While SNA is flexible and includes several options, ESA generally chooses a particular option for more consistency at EU level.

The implementation of the new agreed standards, through the revision of ESA, will have a significant impact on European statistics, including key statistics for policy making and administrative purposes at Community level, as well as the consequences on Community legislation. The revision of the ESA will require substantial efforts in the EU in the coming years. In order to reinforce quality and transparency while reducing burden, it is essential to move to only one set of national accounts standards in the EU in the context of the ESA revision.

A preliminary assessment of the impact of the new ESA has been prepared by Eurostat. It is suggested that an orientation discussion by the ECOFIN Council Ministers should be prepared for early 2009, ahead of the introduction of the new ESA Regulation proposal which is foreseen by mid-2009. The adoption of the Regulation is foreseen for 2011 and its implementation is scheduled to take place in 2014.

B - Statistical measurement of the assets and liabilities of pension schemes in general government

Given the ageing of society and the related impact on the development of government finances in the future, issues related to the measurement of pension entitlements of government-sponsored pension schemes have increased in importance. From a statistical standpoint there is a need to improve existing rules and guidelines for the reporting of national accounts data for pension schemes in general government so that they provide a clear and complete picture to users.

Based on an international compromise on the recording of national accounts data for pension schemes in the 2008 SNA, which involves the recording for unfunded government-sponsored pension schemes and a new standard supplementary table covering all pension schemes, a joint Eurostat/ECB Task Force has developed a set of methodological recommendations and provisional estimates for participating countries, including the design of the supplementary table.

The Task Force's final report⁸ was presented to, and endorsed by, the CMFB in February 2008. As a follow-up, a Contact Group of national statisticians from all EU countries was established to gather

⁸ See <http://www.cmfb.org/pdf/TF%20on%20Pensions%20-%20Final%20report.pdf>.

further information, share best practices and to organise a workshop on pensions in early 2009. The work of the Task Force, alongside the finalised text of the 2008 SNA, will feed into the corresponding chapter on pensions in the new ESA. Compared to the flexibility allowed for the 2008 SNA recording of unfunded government-sponsored pension schemes, clear rules have to be established in the context of the drafting of the new ESA in terms of how to classify and where to record such schemes – either in the standard tables (core system of accounts) or only in the supplementary table (non-core system of accounts).

The Task Force's work was presented to the June 2008 meeting of the EPC Working Group on Ageing Populations and Sustainability, and steps need to be taken to intensify the cooperation between the two groups in terms of providing harmonised national accounts data on pension entitlements used in all EU countries.

C - Price and volume measures

The availability of price and volume measures of Gross Domestic Product and other national accounts aggregates is essential for monitoring economic developments in the EU, for the monetary policy for the euro area and for the implementation of the Stability and Growth Pact. In this context, the reliability and comparability of the data are key features that are required in order to support a precise assessment of the economic situation of each Member State and a fair treatment of the various countries.

In order to respond to these requirements, Eurostat has undertaken for many years a series of actions to enable Member States to produce reliable and comparable price and volume measures of national accounts aggregates. Commission Decision 98/715 clarified the principles to be applied by Member States in measuring prices and volumes for most products and transactions categories of the European System of Accounts (ESA95) and set up a research programme for the remaining ones to be completed by end 2000. Eurostat published in 2001 a manual on price and volume measures in national accounts to give more detailed guidelines in this field. Commission Decision 2002/990 further clarified the principles for the measurement of prices and volumes taking into account the results of the research programme. This Commission legislation has, in particular, identified the most appropriate estimation methods to be applied (A methods), the alternatives which may be used if the most appropriate methods cannot be implemented (B methods) and the methods which shall no longer be used by 2006 (C methods).

Member States were asked to establish inventories of sources and methods used for estimating prices and volumes in national accounts. 25 Member States transmitted their inventories to Eurostat. Bulgaria and Romania were asked to establish their inventories by end 2009. Eurostat examined the price and volume inventories of the Member States, notably in relation to government output, and requested specific improvements by end 2006.

Eurostat sent, in June 2006, a questionnaire to Member States to monitor their progress in the fields of health and education. Education and health were chosen because they represent key areas with respect to their potential impact on government output, and major improvements are generally required. A majority of countries is in a position to apply satisfactory methods for education. The situation of health is much more difficult due to very heterogeneous practices and very frequent innovations.

In order to ensure implementation of the EU legislation, Eurostat has been promoting the exchange of best practices between countries. This is mainly based on a wide dissemination of their respective inventories through Eurostat website. In this context, the regular update of their inventories of prices and volume methods, by Member States, would contribute to the exchange of practices. Eurostat is also putting together methodological notes following visits to the most advanced countries in this domain. About ten countries have been visited. Furthermore, a number of countries sent reports on their improvements to prices and volumes, which will contribute also to the exchange of best practices. Eurostat is currently assessing these reports. Owing to these approaches, the various Member States are currently making progress in many areas, including market activities and non-market activities as well. Those countries that have not yet transmitted their improvements reports are asked to do so as soon as possible. The improvement work must be pursued in order to obtain more reliable and comparable data.

The issue of adjustment for quality appears to be a key aspect in the reliability and comparability of price and volume measures of non-market education and health. Only a small number of countries are currently developing price and volume measures that explicitly take account of quality in these areas (the so-called A methods). The analysis of the country reports and the results from two dedicated Eurostat workshops (in November 2007 and in March 2008) confirmed the difficulties encountered by Member States in implementing the A methods. In order to accelerate the availability of more reliable and comparable data, it was proposed to consider the B output methods as reference methods, and to include the results of A methods in satellite accounts, pending the development of more robust and harmonised quality adjustment methods. All efforts should now be focused on further specifying and implementing B output methods that are solid theoretically and that can be applied consistently by all Member States, in particular in the context of the revision of the European System of Accounts.

D - Labour Market Statistics

Labour market developments are of key importance for economic and monetary policy, in particular with a view to the level and structure of labour demand and labour supply, possible mismatches and the turnover processes. Statistics on labour quality, flows, on transitions and on labour market mobility are needed to improve the understanding of the functioning of European labour markets. To lay the ground for better statistical information on the dynamics of the labour market, more efforts are needed to harmonise the longitudinal dimension (rotational design) of the European Labour Force Survey.

Regarding the key indicators of the labour market, there seems to be a case for examining options to supplement the headline ILO unemployment rate by a limited set of targeted indicators. A dedicated Task Force will work on this matter. The intention is to better address the issue of underemployment, to highlight the role of minor jobs and to inform on persons at the margins of the labour market.

Ongoing work by the ECB and Eurostat on quality-adjusted labour input measures highlighted serious difficulties when combining compositional details taken from the Labour Force Survey with national accounts information on the level of employment. This work needs to be stepped up and co-ordinated with similar efforts in the context of EU-KLEMS, in order to serve high-priority users' needs. Member States are invited to join and actively support these efforts.

Against the backdrop of increasingly heterogeneous and rapidly changing labour markets, it is crucial to provide an unbiased and comprehensive statistical picture of the level and composition of labour costs and of the structure of earnings. It would, therefore, be appropriate to examine under which conditions the gaps in coverage of the four-yearly structural surveys on earnings and labour costs, in particular with a view to smaller business units and their key role for the economy) can be closed. In doing so, the right balance should be sought between the need for pertinent statistics of high quality and the necessary contributions by respondents.

E - Classification of the expenditure of government by function (COFOG)

In May 2008, the ECOFIN Council confirmed earlier requests addressed to Member States and to Eurostat to further step up their efforts in the provision and dissemination of detailed data on government expenditure by function (COFOG II level). While taking note on the progress achieved with the delivery of national COFOG II level figures, and in order to allow further analysis of past trends in the composition of public expenditure, the Council concluded that the remaining gaps need to be filled soonest and best efforts must be pursued to make data publicly available on the basis of the results of the end-2008 data transmission. The availability of these data is necessary for the analysis of the structure of long-term spending trends, and it is an important prerequisite to ensure cost effectiveness of public expenditure within and across countries, in line with the growth objectives of the Lisbon strategy. While the transmission of COFOG I level data is well established, and the data are disseminated in the Eurostat's databases, it is felt by some users that they are too aggregated to allow for a detailed analysis of the trends of government expenditure.

Following the ECOFIN requests for COFOG II level data, Member States, in cooperation with Eurostat in the framework of the Task Force on COFOG, continued to work on the extension of the datasets collected through the ESA95 Transmission Programme, on a voluntary basis. Whereas by the end of 2006 only 7 countries had provided these data (and none of them were published), the number of countries providing COFOG II level figures is currently over 20, and data from 12 countries are already published in New Cronos (some with a provisional flagging). At the last meeting of the Task Force on COFOG, held on 22-23 May 2008, countries described their plans to enlarge the set of data

currently transmitted, or to start sending these data to Eurostat; if those plans are respected, the availability of data will significantly increase by the end of 2008. As for the publication of COFOG II level data, most countries have expressed no major difficulties, although a small number of countries still have to reflect internally on this issue.

Eurostat released at the end of 2007 a Manual on sources and methods for the compilation of COFOG statistics, which summarises the methodological work conducted by Eurostat and the Task Force until that date. Notwithstanding this major development, further work is still needed on harmonising concepts and definitions in COFOG statistics across countries. In this context, during the latest meeting in May 2008, the Task Force on COFOG reviewed the statistical treatment of some complex transactions, and discussed the consistency between COFOG statistics and other related data sets.

The next steps are to ensure that remaining countries transmit detailed COFOG level II data by the end of 2008, in particular for those level II details identified as a priority by the EPC (see table on EPC needs), and to increase the number of countries for which data are published.

General government sector - COFOG statistics requirement - EPC needs

	Transactions ▶	Total expenditure
COFOG Level I ▼		
	COFOG Level II ▼	
01 - General public services		
	01.5 - Research and development	
02 - Defense		
	02.4 - Research and development	
03 - Public order and safety		
	03.5 - Research and development	
04 - Economic affairs		
	04.1 - General economic, commercial and labour affairs	
	04.2 - Agriculture, forestry, fishing and hunting	
	04.3 - Fuel and energy	
	04.4 - Mining, manufacturing and construction	
	04.5 - Transport	
	04.6 - Communication	
	04.7 - Other industries	
	04.8 - Research and development	
05 - Environment protection		
	05.1 - Waste management	
	05.2 - Waste water management	
	05.3 - Pollution abatement	
	05.4 - Protection of biodiversity and landscape	
	05.5 - Research and development	
	05.6 - Environmental protection n.e.c.	
06 - Housing and community amenities		
	06.5 - Research and development	
07 - Health		
	07.1 - Medical products; appliances and equipment	
	07.2 - Outpatient services	
	07.3 - Hospital services	
	07.4 - Public health services	
	07.5 - Research and development	
	07.6 - Health n.e.c.	
08 - Recreation, culture and religion		
	08.5 - Research and development	
09 - Education		
	09.1 - Pre-primary and primary education	
	09.2 - Secondary education	
	09.3 - Post-secondary non-tertiary education	
	09.4 - Tertiary education	
	09.5 - Education not definable by level	
	09.6 - Subsidiary services to education	
	09.7 - Research and development	
	09.8 - Education n.e.c.	
10 - Social protection		
	10.1 - Sickness and disability	
	10.2 - Old age	
	10.3 - Survivors	
	10.4 - Family and children	
	10.5 - Unemployment	
	10.6 - Housing	
	10.7 - Social exclusion n.e.c.	
	10.8 - Research and development	
	10.9 - Social protection n.e.c.	

ESA95 Transmission Programme Table 11 - COFOG data status:

	Mandatory
	Mandatory after a phase of provision on a voluntary basis
	Voluntary

F - Public sector statistics

This section assesses the extent to which statistics may be produced on the public sector in the EU, in addition to government finance statistics (GFS). The public sector comprises the general government sector plus public corporations. Public corporations are entities that sell most of their output at economically significant prices but they are controlled by government. According to ESA95 these corporations can be further split into public financial and non-financial corporations.

In the EU, the analysis of public finances is generally limited to the general government sector, following the 1995 ESA and EDP concepts. In this framework, public corporations are excluded from the general government sector. However, given their magnitude and importance in many EU countries, there is a need for additional statistics on public corporations and, by extension, on the public sector as a whole. It would allow a more fully-fledged analysis of the total resources controlled by governments and their uses, as well as a more comprehensive assessment of fiscal developments and risks.

There are currently no published data available on public corporations at the European aggregate level. However, there are already some data collected (but not published) on a systematic basis via the questionnaires on the EDP Notification tables concerning the main distributive flows of public corporations and the general government sector. Moreover, further information is normally collected on an *ad hoc* basis during EDP country visits.

In 2007, Eurostat launched a voluntary qualitative questionnaire to EU countries on data availability on public corporations. Given the encouraging results in terms of coverage and quality, the voluntary data collection on public corporations may become a regular exercise under the *ESA95 Transmission Programme* in the medium term, thereby ensuring that statistics on public corporations are compiled according to the same recording principles that also apply to the rest of the economy.

The requirements for data on public corporations should aim at a complete set of accounts consistent with the structure of the sector accounts. These minimum requirements in terms of balancing items would comprise the net borrowing/net lending of public corporations or the net financial transactions from the financial account. Furthermore, balance sheet data would provide valuable information on the assets and liabilities of public corporations, from which some indicators could be calculated such as the net (financial) worth. Finally, due to the importance of the government guarantees to public corporations, such data could be collected as off-balance sheet information, as currently compiled through the questionnaires on the EDP Notification tables.

In September 2008, Eurostat has started, on a trial basis, the collection of a limited number of variables for the public sector following national accounts standards. This will complement the information currently available for the general government sector. The results of this trial transmission will be discussed with Member States in January 2009, in order to evaluate the way forward.

G - Population and migration statistics

Population projections and migration statistics are very much at the forefront of policy agendas in the EU. Concrete actions have been developed by Eurostat in co-operation with Member States to ensure and improve the availability of such statistics.

Eurostat Population projections 2008-based

In accordance with the timetable agreed with the Ageing Working Group (AWG) of the EPC, Eurostat has released by March 2008 a new set of population projections based on the population on 1 January 2008 (EUROPOP2008). These projections have been discussed with all Member States and have received their approval. Upon request of the AWG, a number of sensitivity variants are being prepared by Eurostat.

Migration Statistics

Work is ongoing to implement the Regulation of the European Parliament and of the Council on “Community statistics on migration and international protection” (Regulation (EC) No 862/2007). The first annual data on migration flows to be supplied under this Regulation – relating to the 2008 reference year should be supplied to Eurostat by the end of 2009. The Regulation also covers statistics on foreign population stocks, asylum applications, acquisition of citizenship, residence permits, and measures against illegal migration. Two Eurostat-funded projects are under way to assist Member States in the implementation of this Regulation through the development and application of advanced statistical modelling techniques, and by maximising the use of existing and potential data sources.

Later in 2008, Eurostat will begin a rolling quality assurance programme focussing on the key migration statistics indicators used in the allocation of Community funds under the Commission's “Solidarity and Management of Migration Flows” programme.

The June 2008 Commission Communication on a common Immigration Policy for Europe implied a growing need for statistics on the social and economic integration of migrants. Eurostat is working to define these needs and to develop appropriate statistics in the medium to long term.

H - Productivity and growth analysis (EU KLEMS)

EU KLEMS⁹ is a statistical and analytical research project financed by the European Commission through the 6th R&D Framework Programme. The project is being developed by a consortium of 15 organisations from across the European Union, representing a mix of academic institutions and national economic policy research institutes and with the support from various NSIs and the OECD. The participation of NSIs is voluntary, although strongly encouraged by the Commission services.

The project is focused on the analysis of productivity and growth accounting in the European Union at the industry level (annual data).

First analysis by Commission services and ECB demonstrated the potential benefit of EU KLEMS for research and policy purposes, for productivity analysis, for comparison with other major economies and for monitoring the Lisbon process.

Since the research phase of the project ended in June 2008, in order to ensure the continuity and the future of the EU KLEMS dataset, both the 2006 and 2007 EFC Status Report called for ensuring a timely implementation and regular maintenance of the database. In 2007, the Directors of National Accounts, supported by the CMFB, decided to create a dedicated task force with the aim of exploring the integration of (part of the) EU KLEMS dataset in the ESS. The Task Force focused in its work on the link between EU KLEMS dataset and official statistics, the role of NSIs, the boundaries of the contents and on the clarification of methodological issues. On the basis of this analysis, the Task Force prepared an ambitious implementation plan proposed to the EFC Sub-Committee on Statistics in autumn 2008.

The main messages of the EU KLEMS implementation plan are the following:

- the ESS takes the lead in defining the contents and setting up the statistical module(s) of the EU KLEMS database;
- the inputs into the statistical module of the database should come mainly from the official sources (ESA95 Transmission Programme and other regulation, e.g. LFS regulation);
- the statistical module, collecting official statistical data produced by NSIs and Eurostat, will be set up according to a 3-step approach: a 1st statistical module with only national accounts data (ESA95 Transmission Programme); the 2nd statistical module with additional LFS and other official statistics data and Eurostat computations; the 3rd module, broadly corresponding to the analytical module, mainly devoted to growth accounting and productivity theory-based methods.
- the implementation and development of the EUKLEMS dataset requires additional resources in the ESS, to be further elaborate in details.

The Task Force felt that NSIs should limit their role to the regular provision of a good-quality harmonised statistical module, to serve as an input for deriving the more detailed analytical module. In this sense, countries' experience should be analysed. In any case, any efforts by NSIs are likely to prove costly in terms of staff, time and budget, and need to be financed adequately.

⁹ EU KLEMS: EU level analysis of capital (K), labour (L), energy (E), materials (M) and service (S) inputs.

Annexes

- Annex I: Principal European Economic Indicators
- Detailed current situation
- Annex II: Status report for modified relevant existing statistical legislation and new statistical legislation
- Annex III: Inflation measurement - HICP communications

ANNEX I

Principal European Economic Indicators

Table A.I.1.a – PEEIs: Detailed current situation and targets

Member States	Consumer Price Indicators		Quarterly National Accounts				Business Indicators			
	1.1 MUICP flash estimate	1.2 HICP	2.1 First GDP estimate	2.2 GDP estimate and breakdowns	2.3 Household and Company Accounts	2.4 Government Finance Statistics	3.1 Industrial Production Index	3.2 Industrial Output Price Index	3.3 Industrial New Orders Index	3.4 Industrial Import Price Index*
EU	--	14-16	45	64	123	98	44	36*	52	--
EA*	0/0	17/14-16	45/45	60/64	90/123	90/98	40/44	35/36*	50(40)/52	45/[42]
Belgium	-2	5	30	65	94	86	53	28	63	56
Bulgaria	--	12	--	80	Na	87	39	29	39	--
Czech Republic	--	11	45	71	95	87	43	14	42	--
Denmark	--	11	--	92	91	90	38	15	38	15
Germany	-1	11	45	57	86	76	38	18	37	25
Estonia	--	10	45	74	86	90	35	21	35	--
Ireland	--	12	--	92	100	83	36	24	39	na
Greece	-7	11	45	64*	na*	87	39	30	50	43
Spain	-1	12	44	51	95	87	36	24	50	42
France	-1	12	45	45	91	87	39	29	50	29
Italy	-1	12	53*	71	102	90	39	29	50	na
Cyprus	-1	7	45	67	101	36	53	45	62	--
Latvia	--	12	39	70	88	87	36	23	45	--
Lithuania	--	12	28	60	91	90	30	14	38	--
Luxembourg	-2	9	--	105	Na	90	39	15	62	na
Hungary	--	11	45*	67	95	90	45	30	46	--
Malta	--	11	--	70	91	87	na	30	na	--
Netherlands	-1	6	45	45	91	87	39	24	39	24
Austria	-1	12	45	45	91	90	51	50	51	na
Poland	--	12	--	61	109	90	25	30	25	--
Portugal	--	11	45	70	88	86	35	21	38	na
Romania	--	12	--	59	Na	87	38	30	37	--
Slovenia	-1	7	--	70	77	76	39	21	50	30
Slovakia	--	12	45	64	94	90	37	28	37	--
Finland	-1	12	--*	70	91	87	43	18	43	18
Sweden	--	12	--	60	87	88	38	24	38	24
United Kingdom	--	15	25	53	88	87	37	14	46	--

Legend: nc = no commitment

na = not available

* = footnote (see below)

[xx] = available at xx days but not yet released at European level

Table A.I.1.b – PEEIs: Detailed current situation and targets

Member States	Business Indicators				Labour Market Indicators				External Trade Indicators
	3.5 <i>Production in Construction</i>	3.6 <i>Turnover Index for Retail Trade and Repair</i>	3.7 <i>Turnover Index for Other Services</i>	3.8 <i>Output Price Index for Services*</i>	4.1 <i>Unemployment rate</i>	4.2 <i>Job vacancy rate</i>	4.3 <i>Employment</i>	4.4 <i>Labour Cost Index</i>	5.1 <i>External Trade Balance</i>
EU	49	37*	60		30	75	74	74	48
EA	45/49	30/37*	60/60	60/na	30/30	45/75	45/74	70/74	46/48
Belgium	56	35	60		8	190	65	70	39
Bulgaria	58	30	42	58	23	46	80	71	38
Czech Republic	43	30	49	73	9	45	45	70	35
Denmark	60	30	45	76	30	na	93	70	39
Germany	38	30	60	90	27*	70	30	70	39
Estonia	60	30	60	58	14	56	74	67	37
Ireland	38	28	65		8	na	92	134	40
Greece	63	35	66		86*	88	na	71	40
Spain	44	25	46	87	5	58	51	67	32
France	43	30	59	79	28	56	45	71	38
Italy	45	52	60*	80	86*	92	71	72	39
Cyprus	60	30	58		4	73	79	71	37
Latvia	53	30	45		14	64	70	70	39
Lithuania	44	28	46		10	45	44	67	40
Luxembourg	62	25	na		27	39	105	70	33
Hungary	49	29	57		14*	46	67	70	39
Malta	62	na	80		23	128	70	70	37
Netherlands	45	25	45	57	21*	45	45	na*	39
Austria	51	35	59	87	4	na	45	67	40
Poland	30	25	60	85	27	45	49	66	38
Portugal	43	30	42		21	na*	70	45	39
Romania	43	30	38		18*	45	na	66	39
Slovenia	45	28	60		19	56	70	67	40
Slovakia	32	30	56	87	20	45	45	64	39
Finland	44	28	43	17	20*	44	44	70	40
Sweden	44	29	58	39	14*	50	60	67	26
United Kingdom	32	24	58	57	16	16	53	70	39

Legend: nc = no commitment

na = not available

* = footnote (see below)

[xx] = available at xx days but not yet released at European level

Notes:

*: EA: XX/xx, where **XX** = PEEI target, xx = current delay.

2.1. Quarterly National Accounts: First GDP Estimates

IT: usual delay is t+45, no flash estimate available in 2007Q4 and 2008Q1 due to major NA revision.

HU: Data published nationally but not available before release for inclusion in the EA/EU estimate.

FI: Flash estimate of total output available for inclusion in the EA/EU estimate.

2.2. Quarterly National Accounts: GDP estimate and breakdown

EL: The t+64 transmission does not increase coverage with respect to the flash estimate

2.3. Quarterly National Accounts: Households and company accounts

EL: complete derogation until August 2008.

3.2. Business Indicators: Industrial Output Price Index

EA + EU: release at t+36 days due to the long week-end of 1-4 May 2008.

3.4. Business Indicators: Industrial import price index

Required only from countries in the euro area. Moreover 8 of those provide only a contribution to the European Sample Scheme not full data.

CZ: release on the 10th working day of the second month after reference month.

IE: Ireland will produce the index within the terms of the derogation (2007). Most likely, no much back data will be produced.

IT: a feasibility study is going on, based on the integration between survey business data and external data at firm level.

CY: available in 2008.

3.6. Business Indicators: Turnover Index for Retail Trade and Repair

EA + EU: release at t+37 days due to the long week-end of 1-4 May 2008.

3.7. Business Indicators: Turnover index for other services

IT: half the service activities are missing.

3.8. Business Indicators: Output price index for services

Output prices for services began to become available for some countries and activities. Reasonably complete coverage will only be reached around the end of 2008. The reported delays for Member States correspond to the best delay in 2007Q4 or 2008Q1.

4.1. Labour market indicators: Unemployment rate

Delays are not comparable between MS due to differences in sources used.

4.4. Labour market indicators: Labour Cost Index

NL: The Netherlands did deliver data during all of 2007 only with extensive delays. This problem has been solved for 2008.

ANNEX II

Status report for modified relevant existing statistical legislation and new statistical legislation

Status report for modifying relevant existing statistical regulations and new statistical legislation

(as at 1 September 2008)

Regulations related to Action Plan on EMU Statistical Requirements and PEEIs

Proposed modification to existing statistical regulations	Regulation involved	First draft working level	SPC ¹	Adopted by Commission	Adopted by Parliament ²	Adopted by Council
<i>Consumer prices indicators</i>						
Quality adjustment and related issues	Commission Regulation implementing Council Regulation (EC) No 2494/95 and amending Commission regulation 1749/96 (concerning in particular quality adjustment)	finalized and adopted Commission Regulation (EC) No 1334/2007 of 14 November 2007 amending Regulation (EC) No 1749/96 on initial implementing measures for Council Regulation (EC) No 2494/95 concerning harmonised indices of consumer prices OJ L 296, 15.11.2007, p. 22-26				
Treatment of seasonal items	Commission Regulation implementing Council Regulation (EC) No 2494/95 concerning the treatment of seasonal items.		Q4 2008	Q4 2008		
HICP sampling	Commission Regulation implementing Council Regulation (EC) No 2494/95 concerning HICP sampling		2009	2009		
Treatment of owner occupied housing in the HICP.	Commission Regulation implementing Council Regulation (EC) No 2494/95 concerning the treatment of owner occupied housing in the HICP.		2009-2010	2009-2010		
Regulation consolidating implementing measures for Council Regulation (EC) No 2494/95 on HICPs	Commission Regulation implementing Council Regulation (EC) No 2494/95 on HICPs on consolidating implementing measures		2009-2010	2009-2010		
<i>National accounts indicators</i>						
Amendment shortening reporting delay of Table 1 of the ESA95 Transmission Programme to 70 days ³	Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2223/96 with respect to the time limit for transmission of the main aggregates of national accounts, to the derogations concerning the transmission of the main aggregates of national accounts and to the transmission of employment data in hours worked	finalized and adopted Regulation (EC) No 1267/2003 of the European Parliament and of the Council of 16 June 2003 amending Council Regulation (EC) No 2223/96 with respect to the time limit for transmission of the main aggregates of national accounts, to the derogations concerning the transmission of the main aggregates of national accounts and to the transmission of employment data in hours worked OJ L 180, 18.7.2003, p. 1-22				
Amendments to the ESA95 Transmission Programme (national accounts) ⁴	Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2223/96 with respect to the transmission of national accounts data	finalized and adopted Regulation (EC) No 1392/2007 of the European Parliament and of the Council of 13 November 2007 amending Council Regulation (EC) No 2223/96 with respect to the transmission of national accounts data OJ L 324, 10.12.2007, p. 1-78				
Quarterly non-financial accounts by institutional sectors	Regulation (EC) of the European Parliament and of the Council on the compilation of quarterly non-financial accounts by institutional sector	finalized and adopted Regulation (EC) No 1161/2005 of the European Parliament and of the Council of 6 July 2005 on the compilation of quarterly non-financial accounts by institutional sector OJ L 191, 22.7.2005, p. 22-28.				

Proposed modification to existing statistical regulations	Regulation involved	First draft working level	SPC¹	Adopted by Commission	Adopted by Parliament²	Adopted by Council		
Quarterly non-financial accounts for general government	Commission Regulation (EC) on the implementation of Council Regulation (EC) No 2223/96 with respect to short-term public finance statistics	finalized and adopted Commission Regulation (EC) No 264/2000 of 3 February 2000 on the implementation of Council Regulation (EC) No 2223/96 with respect to short-term public finance statistics OJ L 29, 4.2.2000, p. 4-6			-	-		
Quarterly non-financial accounts for general government	Regulation (EC) of the European Parliament and of the Council on the quarterly non-financial accounts for general government	finalized and adopted Regulation (EC) No 1221/2002 of the European Parliament and of the Council on quarterly non-financial accounts for general government OJ L 179, 9.7.2002, p. 1-5						
Quarterly financial accounts for general government	Regulation (EC) of the European Parliament and of the Council on the quarterly financial accounts for general government	finalized and adopted Regulation (EC) No 501/2004 of the European Parliament and of the Council of 10 March 2004 on quarterly financial accounts for general government OJ L 81, 19.3.2004, p. 1-5						
<i>Labour market indicators</i>								
Amendment establishing provision of data on hours worked ³	Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2223/96 with respect to the time limit for transmission of the main aggregates of national accounts, to the derogations concerning the transmission of the main aggregates of national accounts and to the transmission of employment data in hours worked	finalized and adopted Regulation (EC) No 1267/2003 of the European Parliament and of the Council of 16 June 2003 amending Council Regulation (EC) No 2223/96 with respect to the time limit for transmission of the main aggregates of national accounts, to the derogations concerning the transmission of the main aggregates of national accounts and to the transmission of employment data in hours worked OJ L 180, 18.7.2003, p. 1-22						
Quarterly labour cost statistics (European Parliament and Council Regulation)	Regulation (EC) of the European Parliament and of the Council on labour cost index	finalized and adopted Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index OJ L 69, 13.3.2003 p.1-5						
Quarterly labour cost statistics (Commission Regulation)	Commission Regulation (EC) implementing Regulation (EC) of the European Parliament and of the Council on labour cost index	finalized and adopted Commission Regulation (EC) No 1216/2003 of 7 July 2003 implementing Regulation (EC) No 450/2003 of the European Parliament and of the Council concerning the labour cost index OJ L 169, 8.7.2003 p. 37-43, 46		Commission Regulation (EC) No 224/2007 of 1 March 2007 amending Regulation (EC) No 1216/2003 as regards the economic activities covered by the labour cost index OJ L 64, 2.3.2007, p.23-24			-	-
Amendment introducing a time limit for the move to the continuous survey	Regulation (EC) of the European Parliament and of the Council amending Council Regulation (EC) No 577/98 on the organisation of labour force sample survey in the Community	finalized and adopted Regulation (EC) No 1991/2002 of the European Parliament and of the Council of 8 October 2002 amending Council Regulation (EC) No 577/98 on the organisation of a labour force sample survey in the Community OJ L 308, 9.11.2002 p.1-2						

Proposed modification to existing statistical regulations	Regulation involved	First draft working level	SPC¹	Adopted by Commission	Adopted by Parliament²	Adopted by Council
New legal act on job vacancy statistics	Regulation of the European Parliament and of the Council on quarterly statistics on Community job vacancies	finalized and adopted Regulation (EC) No 453/2008 of the European Parliament and of the Council of 23 April 2008 on quarterly statistics on Community job vacancies OJ L 145, 4.6.2008 p.234-237				
New legal act on job vacancy statistics	Commission Regulations implementing Regulation (EC) No 453/2008 of the European Parliament and of the Council on quarterly statistics on Community job vacancies		2008 Q2			
<u>Business indicators</u>						
Update STS Regulation to reflect EMU Action Plan	Regulation (EC) of the European Parliament and of the Council amending Council Regulation (EC) No 1165/98 concerning short-term statistics.	finalised and adopted Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 amending Council Regulation (EC) No 1165/98 concerning short-term statistics OJ L 191, 22.7.2005, p. 1–15 (EN)				
Setting out derogations to new requirements of Regulation 1158/2005	Commission Regulation (EC) on implementing Council Regulation (EC) No 1165/98 concerning short-term statistics as regards derogations of Member States	finalized and adopted Commission Regulation (EC) No 1502/2006 of 28 September 2006 implementing Council Regulation (EC) No 1165/98 concerning short-term statistics as regards derogations to be granted to Member States OJ L 281, 12.10.2006, p. 1–14			–	–
Updating indicator definitions to reflect Regulation 1158/2005	Commission Regulation (EC) implementing Council Regulation (EC) No 1165/98 concerning short-term statistics as regards definitions of variables, list of variables and frequency of data compilation	finalised and adopted Commission Regulation (EC) No 1503/2006 of 28 September 2006 implementing and amending Council Regulation (EC) No 1165/98 concerning short-term statistics as regards definitions of variables, list of variables and frequency of data compilation OJ L 281, 12.10.2006, p. 15–29			–	–
Setting out definition of main industrial groupings (MIGS) in terms of NACE Rev. 2	Commission Regulation (EC) on implementing Council Regulation (EC) No 1165/98 concerning short-term statistics as regards the definition of Main Industrial Groupings (MIGS)	finalised and adopted Commission Regulation (EC) No 656/2007 of 14 June 2007 amending Regulation (EC) No 586/2001 on implementing Council Regulation (EC) No 1165/98 concerning short-term statistics as regards the definition of main industrial groupings (MIGS) OJ L 155, 15.6.2007, p. 3–6			–	–
Establish European sample schemes for import prices, output prices of the non-domestic market and new orders.	Commission Regulation (EC) implementing Council Regulation (EC) No 1165/98 as regards the establishment of European Sample Schemes.	finalised and adopted Commission Regulation (EC) No 657/2007 of 14 June 2007 implementing Council Regulation (EC) No 1165/98 concerning short-term statistics as regards the establishment of European sample schemes OJ L 155, 15.6.2007, p. 7–9			–	–

Proposed modification to existing statistical regulations	Regulation involved	First draft working level	SPC ¹	Adopted by Commission	Adopted by Parliament ²	Adopted by Council
<i>External trade indicators</i>						
Repealing existing regulation by introducing a <i>New Extrastat</i> 'Basic' legislation from 01.01.2010	Regulation of the European Parliament and of the Council to repeal Council Regulation (EC) No 1172/95 on the statistics relating to the trading of goods by the Community and its Member States with non-member countries		-	30/10/2007	First reading September 2008 Second reading 2 Q 2009	Common position 4 Q 2008
Repealing existing regulation by introducing a <i>New Extrastat</i> 'implementing' legislation from 01.01.2010	Regulation of the European Parliament and of the Council to repeal Council Regulation (EC) No 1917/2000 laying down certain provisions for the implementation of Council Regulation (EC) No 1172/95 as regards statistics on external trade	3 Q 2007	-	3 Q 2009		
Amending existing regulation by introducing a <i>lower coverage rate for Intrastat</i> in the 'Basic' legislation from 01.01.2009	Regulation (EC) no 638/2004 of the European Parliament and of the Council of 31 March 2004 on Community statistics relating to the trading of goods between Member States and repealing Council Regulation (EEC) No 3330/91	3 Q 2007	-	7.2.2008	4 Q 2008	4 Q 2008
Amending existing regulation by introducing enhanced quality standards <i>for Intrastat</i> in the 'implementing' legislation from 01.01.2010	Commission Regulation (EC) No 1982/2004 of 18 November 2004 implementing Regulation (EC) No 638/2004 of the European Parliament and of the Council on Community statistics relating to the trading of goods between Member States and repealing Commission Regulations (EC) No 1901/2000 and (EEC) No 3590/92	2 Q 2008	-	2 Q 2009		

Legend: finalised; – not applicable

¹ For Council Regulations the SPC gives an opinion. For Commission Regulations the SPC conducts a vote.

² Subject to European Parliament procedures

³ Same legal act

Status report for modifying relevant existing statistical regulations and new statistical legislation

(as at 1 September 2008)

Regulations related to other ongoing statistical work

Proposed modification to existing statistical regulations	Regulation involved	First draft working level	SPC ¹	Adopted by Commission	Adopted by Parliament ²	Adopted by Council
Other ongoing statistical work						
<u>National accounts</u>						
National Accounts - Amendments to the ESA95 Transmission Programme (national accounts) ⁴	Regulation of the European Parliament and of the Council amending Council Regulation (EC) No 2223/96 with respect to the transmission of national accounts data	finalized and adopted				
		Regulation (EC) No 1392/2007 of the European Parliament and of the Council of 13 November 2007 amending Council Regulation (EC) No 2223/96 with respect to the transmission of national accounts data OJ L 324, 10.12.2007, p. 1–77				
<u>Population and migration statistics</u>						
Migration Statistics: establishing key variables to be collected, main statistical definitions, reference periods and deadlines for supplying data. Repealing obsolete legislation.	Regulation (EC) of the European Parliament and of the Council on Community statistics on migration and international protection and repealing Council Regulation (EEC) No 311/76 on the compilation of statistics on foreign workers	finalized and adopted				
		Regulation (EC) No 862/2007 of the European Parliament and of the Council of 11 July 2007 on Community statistics on migration and international protection and repealing Council Regulation (EEC) No 311/76 on the compilation of statistics on foreign workers				
Migration Statistics: defining groups of countries and of citizenships, defining categories of the reasons for residence permits, quality standards, arrangements for data transmission	4 Commission Regulations implementing Regulation (EC) No 862/2007	3 Q 2008 (data transmission and quality standards)				
		4 Q 2008 (reasons for resident permits)	-	-	-	-
		2 Q 2009 (groups of countries)				

Legend: finalised; – not applicable

¹ For Council Regulations the SPC gives an opinion. For Commission Regulations the SPC conducts a vote.

² Subject to European Parliament procedures

³ Same legal act

⁴ Same legal act

ANNEX III

Inflation Measurements

HICP Communications

Inflation Measurements

HICP Communications

Executive summary

Surveys of the European citizens seem to suggest a significant and protracted divergent development between their perceptions of inflation and inflation as measured by official statistics. This issue undermines the European endeavour and is therefore of concern for both the European Commission and the ECB. A joint Task Force on HICP Communications was thus established in order to further coordinate HICP communication strategy.

The Task Force produced a report of its findings which included a series of agreed actions and activities between the European Commission and the ECB in order to enhance communication efforts on the subject of inflation. A number of specific key messages which may be used in communication activities have been agreed along with a set of concrete communication activities to be initiated by the participating institutions in the coming years.

Key Communication messages

The Task Force agreed that key messages should address the following areas:

- The differences between the HICP and consumer survey related indicators of inflation perceptions and the care that must be taken in comparing the two measures.
- The fact that the impact of the euro cash changeover on euro area inflation was small and that in the first six years since the euro banknotes and coins were introduced inflation has been very low by historic standards.
- The promotion of a better understanding of the HICP, its representativity and the legally binding standards to which it is compiled.

Communication channels and activities

A set of concrete communication activities to be initiated by the participating institutions in the coming years have been set out.

The Task Force identified communication contents, channels and methods and suggested a list of concrete actions to be achieved during 2008/9 and beyond by Eurostat, DG ECFIN and the ECB and their partners in national administrations (NSIs, Ministries of Economics and Finance, Central Banks and other national bodies) across a range of areas. It was agreed, however, that the communications activities should ultimately try to reach as broad a section of the general public as possible.

The envisaged actions include the following:

- Development of coordinated websites directed at the general public and elaborating the key messages in an easily understood format.
- Other internet related activities such as the monitoring and possible quality assurance of on-line material on the HICPs.
- Topic-specific ad hoc press releases. Eurostat published a first topic-specific press release on food prices in June 2008.
- Maintaining inventory and promoting better use of existing HICP publications.
- Production of education material on prices and price index compilation.
- Encouraging co-operation between NSIs on the subject of their personal inflation calculators i.e. to better coordinate their efforts e.g. harmonisation of the tools, learning from each others' experiences (several NSIs presently have these, with several more planning to introduce them).
- Provision of average price data to allow people to easily see how the price of a particular good or service has developed (already carried out by a number of NSIs).
- Facilitating television programmes on prices and price statistics.
- Delivering key messages through speeches made by senior representatives.
- The proposals will also include a strategy for addressing the differences between the HICP and the CPIs.

Conclusion

This joint European Commission/ECB undertaking aims to make a positive contribution towards improving communication and, hence, the reputation of official inflation statistics. However, it must be emphasised that this contribution alone may not be sufficient to restore the correlation between the official consumer price statistics and consumer perceptions, which existed before the introduction of euro notes and coins.