

S I G M A

The bulletin of European statistics

Community
statistical programme
1998 - 2002

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Statistical Office of the European Communities





In *this issue* of *Sigma*...

At their meeting on 21 December 1998, EU Economic and Finance Ministers adopted the Community Statistical Programme for the next five years. This forms the backbone of EU medium-term statistical planning – an indication of what's regarded as statistically important by the Commission, Eurostat and Member States. In view of its profile we felt we should dedicate an issue of *Sigma* to it.

So, in the following pages we aim to...

- ▶ present the programme and its content in general
- ▶ clarify its importance and role
- ▶ cast light on its development, and
- ▶ analyse its acceptance in Member States and by various organisations and groups.

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To this end we asked Eurostat Director-General **Yves Franchet** to lead off with his view of the programme.

Eurostat's **Alain Chantraine** and **Roger Cubitt** give us an intimate view of the emerging process and what they think of the final product.

Then, of course, we also asked some representatives of Member State NSIs – **Gösta Guteland** from **Statistics Sweden** and **François Elissalt, INSEE** – to say what they feel, particularly about how the new programme affects NSIs.

And we also wanted to know how a Candidate Country judges the new Community Statistical Programme, so asked **Tadeusz Toczynski**, President of the **Central Statistical Office of Poland**, for his impressions.

We also talked to one of Eurostat's major clients, the Commission's **Directorate-General V** (Employment, industrial relations and social affairs). **Andrew Chapman**, who works in the promotion of employment in other

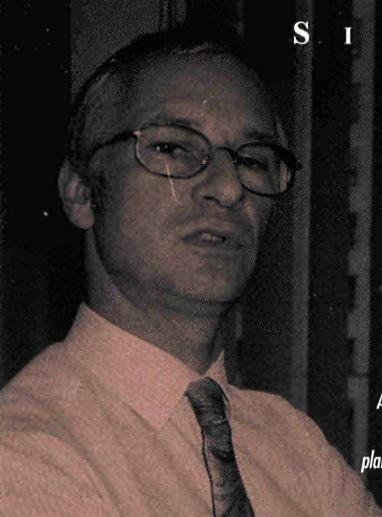
Community policies, spoke to us about this.

Finally, we recorded the opinions of some of those involved in the process: **Astrid Lulling**, Member of the **European Parliament** and Rapporteur to the **Economic and Monetary Committee**; **Karen Siune**, Vice-President of **CEIES** (European Advisory Committee on Statistical Information in the Economic and Social Spheres); and **Bart Meganck**, of the **National Bank of Belgium** and Vice-Chairman of **CMFB** (Committee on Monetary, Financial and Balance of Payments Statistics).

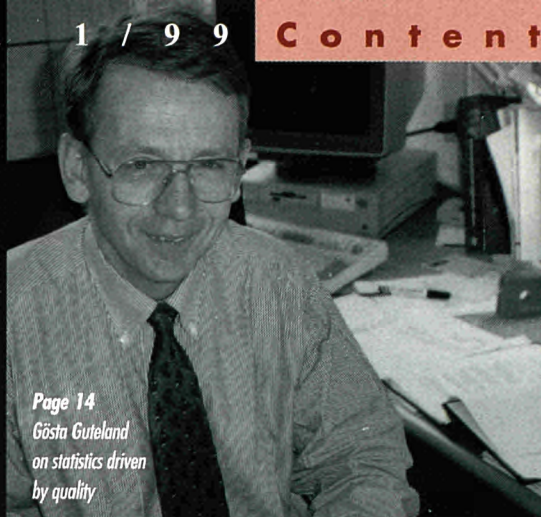
Add all this together and the result, we trust, is a collection of information and opinions that will help you make up your own mind about this cornerstone of European statistical planning up to and beyond the turn of the century.

And on a different tack... this issue sees a profile of **Statec**, the national statistical institute of Luxembourg.

Fons Theis
Assistant chief editor



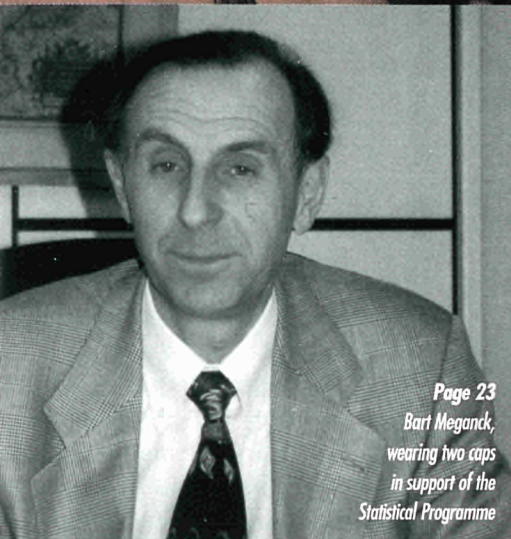
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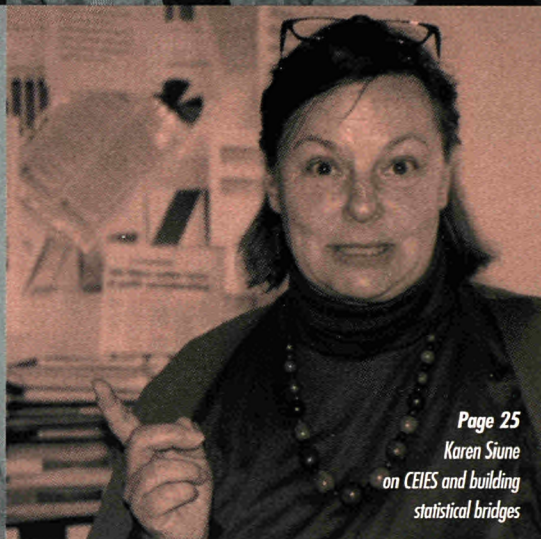
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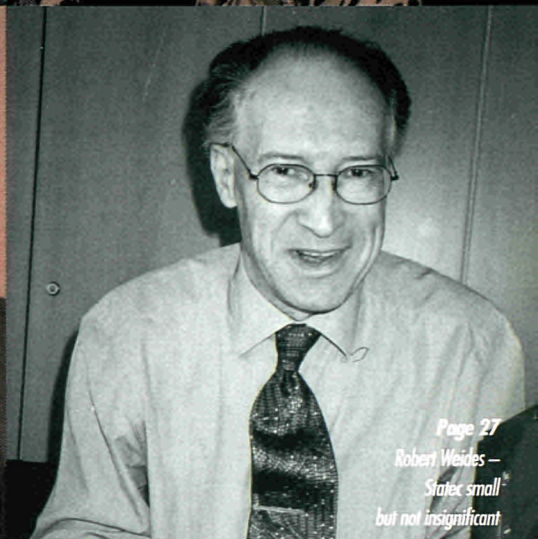
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Charting THE way



Statistics are vitally important because EU institutions, Member State governments and all those responsible for political, economic and social decisions – as well as Europe's citizens – need factual information, both to check the advisability of European political initiatives and to monitor how projects are implemented. Statistics are essential to a democratic society.

Following a favourable vote by the European Parliament, the EU Council of Ministers recently formally adopted the Fifth Community Statistical Programme 1998-2002. This will serve as a guide for all those involved in the European Statistical System. It sets work plans and strategies for the medium term. Now that the way has been charted, everyone – whether at Community or national level –

needs to make his or her special contribution to implementing the programme, so that we can provide the EU with a statistical service of unimpeachable quality.

The five-year programmes have been drawn up regularly since 1975 and are now a basic part of EU statistical dialogue, consultation and work. There are various reasons for this:

- ▶ They make it possible to assess in the medium term the budgetary and manpower resources required, the aim being to make the best possible use of the EU statistical organisation and hone the tools at our disposal. For some years, resources available to NSIs generally and Eurostat in particular have declined steadily in both absolute and relative terms. They are now inadequate when it comes to responding to the needs of Community integration. In democratic discussion, the relevant authorities have to make inevitable policy decisions and set out clear priorities, although this might mean neglecting some sectors that would deserve more detailed investigation.
- ▶ They improve the quality of discussion on statistics. Once priorities have been outlined, there is greater guarantee of independence for official statistics because political pressure on the work of statisticians and the dissemination of their results is more difficult to justify.
- ▶ They make it possible to improve the efficiency of the system by rationalising work, so there is no duplication of requests to the NSIs in charge of collecting data and no excessive burden on firms that have to complete the questionnaires. In addition, it is easier to use data for multiple compilations and linked analyses.
- ▶ Community data are collected by the relevant institutes in Member States according to the principle

of subsidiarity, which is carefully applied in the context of the Community statistical system. Each partner is thus perfectly integrated into the whole network.

- ▶ A programme provides a constant challenge to improving the quality of the service, especially to ensuring reliable and up-to-date results.
- ▶ Often, before moving forward, you need to take stock of what you have done. Here, a programme is ideal, since it allows you to compare objectives and achievements, progress and deficiencies, success and failure.

Between 1993 and 1997, the period covered by the Fourth Programme, there was a surge in demand for harmonized statistics. Top priority, of course, went to data on convergence criteria for Member States' inclusion in economic and monetary union. A major effort went into collecting and harmonising data, with the result that they were ready in time and reliable enough for the European Council to take a decision at the start of May 1998.

Another priority was getting the statistics ready for the European Council meeting on employment in Luxembourg at the end of November 1997. This resulted in new sets of indicators so that the 'employment pact' could be implemented.

There has been tremendous progress in every sector. The system of business surveys was completely overhauled – in both structural surveys and short-term surveys. An envi-

ronmental information system was devised. The new system for collecting data on intra-Community trade was introduced. The European Household Panel to study living conditions became an important tool for social analysis. Cooperation with central and eastern European countries was organised so that they should be ready for future EU membership.

This is only a brief list of what was achieved during this period. Lack of resources meant that, unfortunately, some progress was not as quick as it should have been, especially in social and environmental statistics, statistics on the operation of the single market and, in particular, statistics on services.

Major new challenges

During the period the new programme covers, Community statistics will have to cope with a number of major challenges:

- ▶ Operation of economic and monetary union, in particular involving introduction of special euro-indicators that, for the markets, take priority over national statistics; and supervision of national accounts statistics.
- ▶ Development of statistics on the labour market, manufacturing, services, trans-European networks and living conditions.
- ▶ Preparation of the final VAT system: the Commission is currently working on a system for allocating VAT receipts on the basis of statistical indicators, especially consumption. At present,

statistics that are available are not adequate for the operation of such a system. We need a complete rethink similar to Intrastat, the system that now tracks Member States' trading transactions.

- ▶ The accession of six or even 11 new Member States. This will require new sets of Community data, together with constant monitoring of applicant countries to ensure they comply with Community rules and practices, even though such countries have already made tremendous progress since the collapse of communism.
- ▶ Reform of the Common Agricultural Policy, with introduction of 'rural development' and 'environment and product quality' aspects.

Compared with earlier programmes, the new programme incorporates a number of interesting innovations:

In the first place, all earlier programmes were virtually 'shopping lists', providing a general outline of what we intended without considering what was feasible. They were a reflection of what we wanted rather than any real attempt at planning.

This time, priorities have been clearly set, ie economic and monetary union, growth and employment, enlargement. But in setting our priorities we have also included – and this is a first for both Eurostat and the European Commission – a number of 'negative priorities'. All the work requested was, in fact, reviewed in the

light of available resources, so we could decide where it would be impossible to progress at the desired speed. This was no easy task.

The programme was then drawn up so that it could be assessed. Criteria for *ex ante* assessment and quantitative and qualitative indicators will be in place from the onset. An initial assessment is scheduled for half way through the programme. We shall be able to change course if we must.

Lastly, the programme is directly linked to the statistical law. Since this covers all procedural aspects, it was possible for the Council of Ministers' discussion to focus on the main aspect of the programme – its content.

The document now has to become reality and be incorporated in annual programmes that will indicate more specifically the work to be done on a daily basis – by Eurostat and NSIs – so that user needs can best be satisfied.

The programme does not focus on 'how' we are going to accomplish all this. With more and more limited resources, its implementation will require tremendous inventiveness on the part of all concerned. The only way we shall be able to cope is by performing better. Enhancing the quality of our statistics is the constant challenge. It is a challenge that, together with its partners, Eurostat is ready to face.

Yves Franchet
Director-General
Eurostat

Eurostat's ALAIN CHANTRAINE and ROGER CUBITT can be seen as the pioneers of the 1998-2002 Community Statistical Programme. They initiated the process, drafted the programme, overcame obstacles until it was ripe for Council decision. Who better to tell *Sigma* about the final product and how it came about?

Twin track TO THE STATISTICAL **future**

by Barbara Jakob

The first thing that strikes one about the new Community Statistical Programme is that it is, in fact, two documents – or, rather, one document presented in two different – ‘user-friendly’ – ways.

"One is intended to serve our ‘political clients’", explains **Alain Chantraine**. "For this presentation we analysed

Community policies and examined the relevant statistical information needs. Experience so far with Commission Cabinets, Council and the other institutions has demonstrated the value of this ‘policy’ view."

But such a document is not what the statistician is used to. So, in the second one, the programme is presented for the statistical reader.

The statistical work to be given priority in the next five years is identified and structured around the draft UN framework for statistical work areas – a logical clustering. "This has the advantage that it is generally understood by the international statistical community", **Roger Cubitt** explains. "So NSI statisticians can consult the programme with a view to their own national short- or medium-term planning."

For each area of activity, lists of work that can and cannot be undertaken within current resources are identified, together with an indication of the Community policy principally affected.

"The key insight right at the beginning of the work was the essential ‘matrix’ nature of our statistical work", **Cubitt** explains. "The previous programmes had already taken the first step by creating ‘policy’ headings under which our working themes were grouped. We realised very early on, that large parts of our statistical data are directly or indirectly used for a variety of policy areas across the Commission. The art was to identify the axes of this matrix and then agree a sort of ‘mapping’ between themes of work and EU policy titles. This

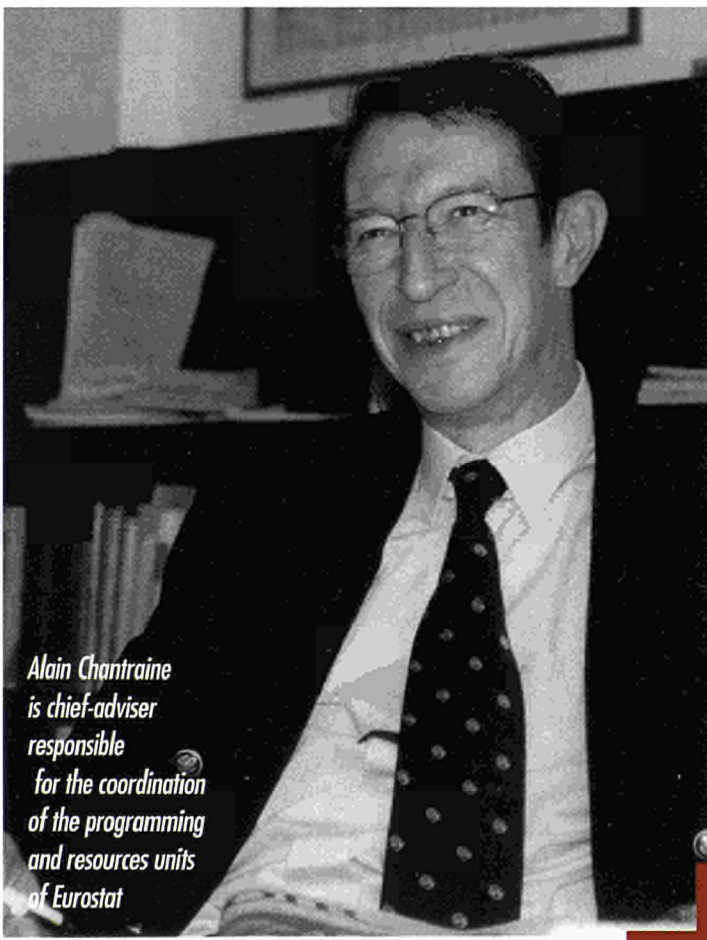
approach served to make things very transparent and hence the two documents representing these two axes."

Both **Chantraine** and **Cubitt** are convinced that this forms a solid and reliable structure for programming. It fixes medium-term objectives and priorities against the backdrop of both political needs, statistical outputs, and budget provisions. As an instrument of management it enables the planning and organisation of work and administration of the budget, in particular resource contributions from the partner DGs.

Fixed priorities

The new programme is different from all previous ones in more than one way. **Chantraine** explains: "All others were more or less ‘shopping lists’ describing intentions in a general way with no reflection of what was possible – so, strictly speaking, more ‘wish’ than programming. The first change we made was to fix priorities grouped around areas at the top of the political agenda."

According to Article 2 of the Council Decision on the Community Statistical Programme 1998-2002, these priorities are based on three pillars:



Alain Chantraine is chief-adviser responsible for the coordination of the programming and resources units of Eurostat

- ▶ **Economic and Monetary Union**
- ▶ **Competitiveness, growth and employment**
- ▶ **EU enlargement**

The Decision also says the Programme "shall also ensure the continuation of existing statistical support for decisions in

“ The proposed Five-Year Programme for 1998-2002 is the fifth successive medium-term programme of work prepared by Eurostat. The aim of each programme has been to provide an overview of the strategies, priorities and work plans foreseen for each planning period... The five-year programmes are supported by annual programmes, which provide more detailed work objectives for each year.

The Council Regulation on Community Statistics (No 322/97 issued in February 1997) requires the preparation of a Community statistical programme 'which defines the approaches, the main fields and the objectives of the actions envisaged for a period not exceeding five years'."

Taken from the *Community Statistical Programme 1998-2002: Accompanying document – Programme presentation by statistical themes.*

current policy areas and the additional requirements arising from new Community policy initiatives".

In statistical terms this means pursuing the development and production of statistics required for monitoring monetary union and the Stability and Growth Pact, as well as developing statistics on the labour market, industry, services, trans-European network, living conditions and regional indicators. And on EU enlargement, Eurostat will continue to collect harmonized data for negotiations with Candidate Countries and assist them in improving their statistical systems to meet Community requirements and integrating them with the European Statistical System.

A direct link restricted to key priorities is something never done before. **Chantraine** explains: "We did something like fixing 'negative priorities'. Areas were identified in which with the current resource perspectives there is no possibility to advance further. The demand for Community statistics continues to grow rapidly but the human and financial resources are more or less stable. We have to make choices!"

Another novelty

Another novelty is that evaluation of the performance of the programme is envisaged; in previous programmes it was not. "There was no procedure to check if we had performed well or badly", **Chantraine** explains. "This time we have criteria for evaluation – certain qualitative and quantitative indicators of performance

in realising the programme, measures on how we deal with things as well as what we produce."

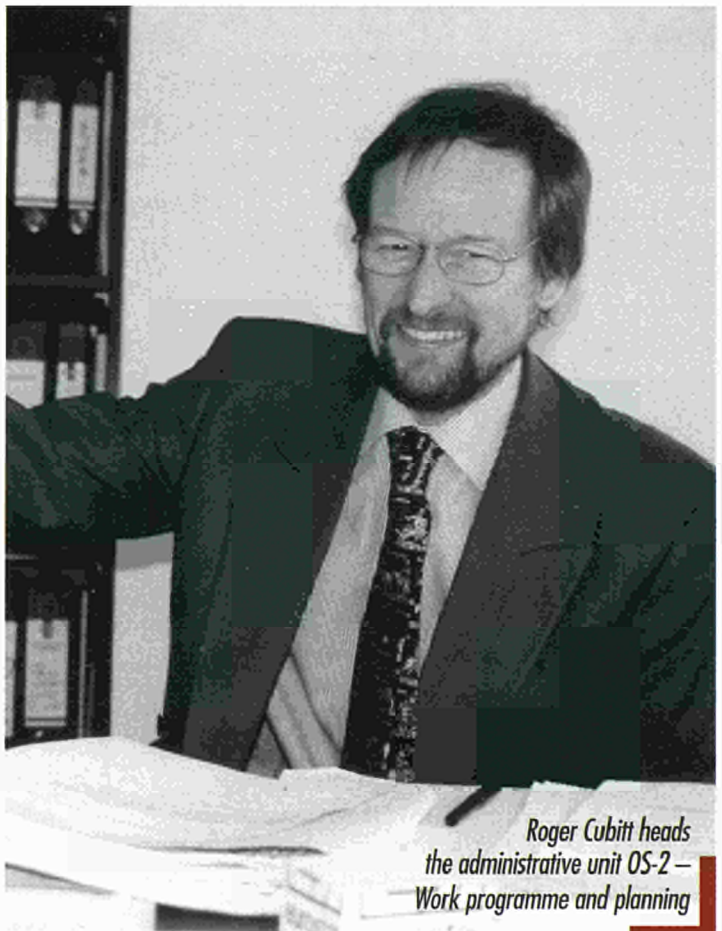
This, of course, will have an impact on the next programme, on which work begins after the medium-term evaluation of the current one. This offers the opportunity to react to the demands of clients and suggestions of Member States and to benefit from experience gained with the whole programme up to that date.

A further change comes from the Council Regulation on Community Statistics (No 322/97) – the 'statistical law' adopted in February 1997. This has the advantage of defining procedure. The organisational framework that previously formed a large part of the document is now fixed by this 'law'.

"The consequence is", says **Chantraine**, "that now, especially in discussion with the Council, we can concentrate on content rather than procedure."

That said, arriving at the final content was a contentious affair. Everybody knows how difficult it is to fix priorities and, in this case, **Roger Cubitt**, who was responsible for this exercise, knows the problem best...

"It's natural that every department regards its own work as of absolute importance", he says. "But if you have too many 'most important' items you don't have priorities. And what we want to achieve with the Five-Year Programme is an indication of the main aims and requirements in the medium term. It just gives general objectives. From this policy framework we are able to



Roger Cubitt heads the administrative unit OS-2 – Work programme and planning

tease out statistically relevant areas of activity. And then the work programme becomes more specific in the annual programmes.

"We have a continuous battle to prioritise the work. It's not only choice of general priorities – we're also criticised sometimes for not being specific enough. The problem is how many people can tell what's going to be happening in five years' time – what do they think the policy issues will be? The most important thing was establishing a set of principles by which we would be able to agree the annual programmes within a broad framework describing the main thrusts of our work. Another problem is the tendency to forget about the needs of existing production work – priorities are for 'new' things. This has also been addressed in this programme.

"The Five-year Programme represents the outermost boundary and only a real impetus from the policy area would make a change necessary. One could imagine something catastrophic, like a second Chernobyl, that might have an impact on European policy. So we would have to go beyond the framework with things we never imagined, for example on health and safety.

"For some countries the priorities in the programme do not go far enough. They want the programme more detailed with more priorities. But for others it is more important to have certain margins for manoeuvre and to fix only the general guidelines."

Chantraine: "Primarily the Community Statistical Programme is an internal organisational effort by the Commission. It is driven mainly by the statistical needs of Eurostat and the Commission. But it has also the function of organising dialogue between the NSIs and Eurostat on one hand and between Eurostat and the main users, the Commission DGs, on the other. So all their points-of-view and expectations can be considered when fixing the programme. With the other DGs of the Commission we also try to programme, on an indicative basis, their financial contributions to the realisation of the Five-Year Plan."

 **The 1997 Council Regulation on Community Statistics... requires prior examination of guidelines for each Five-Year Programme by the Statistical Programme Committee (SPC), European Advisory Committee on Statistical Information in the Economic and Social Spheres (CEIES) and the Committee on Monetary, Financial and Balance of Payments statistics (CMFB)."**

Community Statistical Programme 1998-2002: Accompanying document – Programme presentation by statistical themes.

Global vision

Next step will be to integrate the national work programmes better into the Community Statistical Programme. **Chantraine** again: "We must have a global vision of the realisation of the programme. We depend on Member States – when we launch a new statistical project it is NSIs that have to implement it, to invest manpower and money."

At present the importance given to the programme by NSIs varies. Some try to adapt or combine national programmes in line with European requests. For others it serves as information about future European statistical data demands.

"That's one of the future challenges: to integrate national and Community programmes better and avoid duplication", **Chantraine** adds. Another issue will be to compile a global costing of both European and national statistical outputs.

He sums up: "This programme was a real challenge. It really goes beyond a shopping list and is a solid framework for programming. I think that since 1975 each programme has shown an improvement. I am happy because this one is a further substantial improvement. And as you see, we already have some ideas for the next one: integration of national and Community programmes, global costing, and better integration of the contribution of other DGs of the Commission!"

Born of earlier enlargement

The very first Community Statistical Programme covered the period 1975-1978. It came about because the accession of more Member States made statistical organisation more difficult.

Alain Chantraine explains: "With preparatory work for the first enlargement in the Community's history there was also thought given to the statistical obligations of the new member countries.

"It was a first 'try' at programming and it was not at all clear from the beginning that it would be permanent."

The programme has developed progressively. In 1989 the Statistical Programme Committee (SPC) was established and the first programme (1989-1992) was adopted by the Council. In the middle of the eighties a strong dialogue began with the Commission DGs as main users. And it was in the previous programme (1992-1997) that the aspect of resources was first addressed directly.

Step BY step

For an impression of the process leading to the adoption of the Community Five-Year Statistical Programme, here is an overview of the long, tortuous but finally successful procedure:

Preparatory work by Eurostat and NSIs

1 9 9 5

- ▶ **December:** NSI Director-Generals pass resolution setting the pace of statistical work. Work begins.

1 9 9 6

- ▶ **April:** First exchange of views within CDIS¹ – a platform of discussion and coordination between Eurostat and other Commission DGs, whose needs are included in Eurostat work programmes.
- ▶ **June:** Based on initial analysis of the use of resources, Eurostat Directors' Committee (CD) agrees an approach...
- ▶ **8-9 July:** ...which is presented to Member States in the working group on the Annual Statistical Programme.
- ▶ **2 July:** First presentation to CEIES².
- ▶ **September:** SPC meeting in Lisbon: The approach presented to the Statistical Programme Committee (SPC) and a task force representing Member States and EEA created to further the work, especially with a view to strategic development and integration with national statistical programmes.
- ▶ **October/November:** Mid-term review of 1993-97 Community Statistical Programme carried out and presented to SPC.
- ▶ **October 1996-April 1997:** The task force, with Germany, France, Italy, Luxembourg, the Netherlands, Sweden, UK and EFTA/EEA countries participating, meets four times; presents interim document to SPC in November 1996.
- ▶ **In parallel:** Consultations with Eurostat services, the Commissioner's Cabinet and again the Commission services via CDIS.

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- ▶ **28 February:** CEIES bureau discusses final draft.
- ▶ **12/13 March:** Final draft proposal presented to CDIS and SPC for their opinion.

- ▶ **28 April:** CMFB³ bureau discusses final draft.
- ▶ Final documents presented for formal opinion in
May to SPC
June to CEIES
June to CMFB

Preparation for Commission approval

- ▶ **6 August:** Commission inter-services consultation launched in parallel with final specification of the financial statement, in cooperation with DG XIX.
- ▶ **September:** All documents finished.

1 9 9 8

- ▶ **12 January:** Chefs de Cabinet consulted.
- ▶ **14 January:** The Commission gives its approval and transmits the proposal to the Council.

Inter-institutional discussion

- ▶ **24-25 March:** First meeting of the Council working group.
- ▶ **April:** Astrid Lulling designated European Parliament (EP) rapporteur on the Community Statistical Programme.
- ▶ **27 May:** EP's Economic and Social Committee approves its opinion.
- ▶ **12 June:** Discussion on agreed text suspended pending Parliament's opinion.
- ▶ **June:** Appearance of Eurostat Director-General Yves Franchet before the EP Economic and Monetary Committee.
- ▶ **April-September:** 11 opinions from EP committees progressively delivered.
- ▶ **September:** EP Economic and Monetary Committee agrees a consolidated EP opinion.
- ▶ **9 October:** EP opinion approved in plenary.
- ▶ **November:** Final Council working group meeting.
- ▶ **21 December: Council gives approval.**

1. CDIS: Comité directeur de l'information statistique (*Directors' Committee of Statistical Information*)
2. CEIES: European Advisory Committee on Statistical Information in the Economic and Social Spheres
3. CMFB: Committee on Monetary, Financial and Balance of Payments Statistics.

A COMPLEX DECISION-MAKING PROCESS

The final decision on the Community Statistical Programme is preceded by a long and complex process of preparation, exchange of views and consultation (see *previous page*).

On 21 December 1998 the EU Council of Ministers formally adopted the Fifth Programme. Thirteen committees took part in the consultation process that led to the European Parliament's Opinion. These were the EP committees on

- ▶ economic and monetary affairs and industrial policy
- ▶ agriculture and rural development
- ▶ budgets
- ▶ research, technical development and energy
- ▶ external economic relations
- ▶ employment and social affairs
- ▶ transport and tourism
- ▶ environment, public health and consumer protection
- ▶ culture, youth, education and the media
- ▶ development and cooperation
- ▶ budgetary control
- ▶ fisheries, and
- ▶ women's rights.

The EP's consolidated opinion was then delivered to the Commission which decided about inclusion of the suggest-



Yves-Thibault de Silguy

ed amendments in its proposal for a Council Decision. In its Opinion the EP stressed especially the importance of further developing harmonized statistics in the field of unemployment and the labour market. It placed special importance on statistical data in the field of energy – especially the internal market in energy – and on the environment.

Yves-Thibault de Silguy, Commissioner responsible for statistics, in his presentation to the EP, welcomed Parliament's interest in this subject. This, he said, was an indication that the EP recognised the importance of a coherent, transparent and reliable Community statistical system.

Bigger role for Eurostat

Before offering the Commission's Position on the report of Astrid Lulling, the

Rapporteur for the Community Statistical Programme, Mr de Silguy outlined recent trends in the development of Community statistics:

"Eurostat's role has increased considerably over the past decade because many important policy decisions require a very high degree of comparability and hence a high level of Community statistical harmonization", he said. "Such policy decisions naturally include the introduction of EMU, but also, for example, the CAP, economic and social cohesion, and budgetary policy decisions.

"The number one priority for the last five-year statistical programme was, of course, to provide timely, high-quality statistics on the convergence criteria, which served as a basis for the decision taken on 2 and 3 May last. Another high priority for Eurostat was the preparation of statistics for

the Jobs Summit in November 1997 and its work on the indicators used to monitor the implementation of the subsequent employment guidelines.

"The Commission has decided to hand over responsibility for collecting all statistics to the Member States in accordance with the principle of subsidiarity. A network structure has been set up with the Member States' statistical systems. This network jointly determines what harmonization methods are to be adopted and takes full advantage of the experience of the approximately 70,000 statisticians involved.

"Mindful of the need for efficient resource management, Eurostat and its national partners have put in place a whole series of measures designed to increase productivity, limit the burden of response on businesses, particularly SMEs, make use of the most cost-effective methods, improve the overall quality of Eurostat's products and, finally, evaluate the results of this work."

He added: "With regard to Mrs Lulling's report, the Commission will definitely take on board the improvements you have proposed, particularly in the areas of employment, the environment, equal opportunities for women and men, and statistics concerning the future VAT system."

In conclusion, Mr de Silguy thanked those concerned for the excellent cooperation between the institutions. This promised well for the new policy of co-decision between the Council and the EP in the area of statistics.

Focus of future statistical work

WHAT'S IN THE OFFING?

The Statistical Programme 1998-2002 is geared to meeting the requirements of those policies considered to be most important in the Community: Economic and Monetary Union, competitiveness, growth and employment. In addition to statistical projects directly connected with these policies - such as development and compilation of statistics to monitor monetary policy and the Growth and Stability Pact, or preparation of comparable data for accession negotiations - the Statistical Programme indicates work in other fields that will be intensified over the next few years.

In the industrial field, for example, there will be work on a system of steel statistics for the period after the ECSC Treaty expires, and on statistics on intangible investment, sub-contracting and globalisation. In connection with free movement of services and capital, studies are planned to determine statistical requirements in the fields of communications and the information society, together with pilot surveys in the audio-visual sector.

Further subjects high on the agenda include improving the Intrastat system via efforts to achieve greater accuracy and produce results more rapidly, and reducing the burden on respondents.

In connection with the Common Commercial Policy, the question of globalisation will be investigated further and indicators developed to mea-

sure its impact on businesses, labour markets and trade statistics.

A set of statistics will also be developed on the environmental effects of energy, and further initiatives are planned in the environmental field. Over the next five years the focus will be mainly on work already begun on the development of environment statistics, the production of pressure indices, the system of joint monitoring of the environment and the economy, and the project for satellite accounts of the environment.

Where agriculture is concerned, a new generation of statistics is planned to meet requirements of the new, reformed Common Agricultural Policy (CAP). Comparable data, on agriculture in particular, are especially important for forthcoming EU enlargement - a further important item

on the Statistical Programme agenda.

Work in the social field will concentrate, *inter alia*, on introduction of quarterly labour cost statistics and a new vocational training survey. A further innovation is the introduction of a time-use survey.

On statistical data on migration, the plan is to harmonize concepts and analyse the data available.

In public health, work will concentrate on producing Community indicators of health and creating a network for the exchange of data among Member States, the Commission and international organisations.

Last but not least is an extremely important forthcoming project to improve quality and comparability of macro-economic national accounts data.

MAIN THRUST OF STATISTICAL WORK

Free movement of goods

Improving operation of the Intrastat system and precision and availability of its results.

Reducing the burden on respondents via alternative simplification proposals.

Analysing in-depth links with VAT systems and proposing an alternative system.

Agriculture (including fisheries)

Applying the TAPAS scheme with a view to gradual improvement of the existing set of agri-

cultural statistics, mainly in quality, comparability and timeliness.

Planning development of a new generation of agricultural statistics to meet future CAP needs.

Developing comparable data for EU enlargement negotiations.

Consolidating and improving fishery data flows.

Free movement of persons, services and capital

Free movement of persons

Harmonising concepts used in migration, censuses, social surveys and administrative registers.

Analysing available data.

Free movement of services and capital

Launching pilot surveys and implementing structural businesses statistics step-by-step.

Studies to determine statistical requirements in communications and the information society.

Analysing user requirements, assessing sources, collecting data and testing methods via pilot studies in the audio-visual sectors.

Further developing tourism statistics by implementing the Directive adopted in 1995.

Implementing Regulations on business statistics and business registers for statistical purposes.

Transport

Further implementing legal bases adopted by the Council in transport statistics.

Adapting legal bases currently in force as a result of liberalisation of various modes of transport in Europe.

Developing a statistical system on inter-modal transport.

Common rules on competition, taxation and approximation of laws

Improving quality and comparability of national accounts macro-economic data.

Economic and monetary policy

Developing and producing statistics needed to monitor EMU and the Stability and Growth Pact.

Implementing the Regulation on the European System of Accounts (ESA 95).

Common commercial policy

Implementing revised international concepts and definitions for trade statistics.

Developing indicators for measuring impact of economic globalisation on businesses, labour markets and trade statistics.

Social policy, education, vocational training and youth

Consolidating and analysing work on population and migration.

Developing a continuous Labour Force Survey and implementing quarterly employment cost statistics.

Implementing a new continuing vocational training survey and extending the scope of data collection.

Carrying forward statistical projects on health and safety.

Carrying forward the household survey and panel and improving poverty statistics.

Implementing the time-use survey.

Consolidating social protection statistics.

Culture

Developing a set of cultural statistics from existing sources.

Public health

Establishing Community health indicators, selecting relevant information and data for exchange among Member States, the Commission and international organisations.

Developing a Community-wide network for sharing and transferring health data among Member States, the Commission and international organisations (based on the IDA-CARE telematics project).

Developing methods and tools needed for analysis of and reporting on health status, trends and determinants, and the effect of policies on health.

Consumer protection

Providing technical assistance for collection and evaluation of data.

Establishing new rules, definitions, coding and classifications taking into account codes and models already existing at Community or international levels.

Trans-European networks

Energy

Consolidating and improving trade statistics in the energy field.

Developing statistics on the environmental impact of energy.

Telematic networks

Implementing an inter-organisational network with all ESS partners for collection and exchange of data.

Implementing a European reference environment for data dissemination.

Transport networks

Analysing sources and methods for introducing statistics on transport infrastructures within the framework of a geographical information system.

Industry

Implementing Regulations on structural business statistics and short-term indicators of industry.

Consolidating PRODCOM.

Developing steel statistics.

Developing statistics on intangible investment, sub-contracting and globalisation.

Economic and social cohesion

Defining, introducing and monitoring new EU regional policy.

Extending sectoral and geographical coverage of regional statistics.

Developing a European geographical information system in cooperation with NSIs.

Research and technological development

Launching new projects to measure R&D performance and impact.

Extending the innovation survey and improving coordination of data collection.

Statistical research

Developing appropriate tools and promoting exchanges with the scientific community and users of technology.

Promoting new methods within a best practice framework.

Environment

Developing environmental statistics and improving dissemination.

Continuing production of pressure indices.

Developing statistics linking the environment and the economy.

Developing a set of satellite accounts for the environment.

Development cooperation

Cooperation with countries in transition (in central and eastern Europe) and Newly Independent States

Providing technical assistance and training for transition countries.

Improving the information system on pre-accession and transition countries.

Cooperation with third countries

Carrying forward technical assistance and training for third countries in line with the needs of partner countries and priorities fixed by the Community.

Assisting applicant countries to improve their statistical systems to meet Community requirements.

Community statistical work not covered by Treaty titles

Community own resources

Continuing the monitoring of data provided by Member States.

Verifying correct implementation of ESA 95.

EU enlargement

Collecting harmonized data for negotiations with pre-accession countries.

Helping applicant countries improve their statistical systems to meet EU requirements.

The European Commission's DG V is the powerhouse of EU policy on employment, industrial relations and social affairs – in the words of ANDREW CHAPMAN, 'anything vaguely social'. He's deputy head of the DG's employment policy promotion unit with 15 years' experience of marrying the supply of statistics to policy needs. An ideal person to describe the relationship between a key part of the Commission and Eurostat – and how it finds expression in the Statistical Programme. *Sigma's* JOHN WRIGHT talked to him in his Brussels office.

"Collection of statistics is like a supertanker", says Andrew Chapman. "It takes a long time to put in place and launch – and, once you're going, a long time to change course. You must point it in the right direction in the first place."

As a *raison d'être* for the Community Statistical Programme, this is as pertinent as it is colourful. And, to stretch the analogy further, as **Chapman** talks it soon becomes clear why DG V and Eurostat are in the same boat.

He begins by describing the background to the relationship...

"This DG is fairly unusual in the Commission", he explains. "We cover a very wide range of issues – from employment through the Social Fund to social dialogue and industrial relations. This means we use a lot of statistics which, although they have something in common, are not necessarily linked.

All aboard the statistical SUPERTANKER!



"This makes our relationship with Eurostat fairly complicated

"Since the draft Amsterdam Treaty, which Member States decided – at least for employment – should be implemented immediately, employment has been one of the biggest issues for the Commission. It is a priority of our work programme, in both 1998 and 1999, and so employment indicators are to the fore. So much so that the Vienna European Council discussed the problem of statistical indicators for monitoring the employment strategy specifically.

"Social protection is also a big issue because we've just

adopted a Communication on reform of social protection systems – and every year we produce a report on social protection in Europe. This has just come out and is a sort of companion to our report *Employment in Europe*, which has been issued for 10 years.

"And then there's a big ongoing health and safety programme.

"So you can see how we need statistics for all our policy-making."

"On employment, the main source of our data is the Labour Force Survey – conducted for 25 years more or less regularly, and annually since 1981. And, of course,

about to go quarterly. So in this field we are, in many ways, rather spoilt in terms of data sources, although you can always improve and we certainly do have some problems with the comparability of different series, as does everybody.

"We're used to working with LFS data, have done for 10 years, and they have high recognition throughout the Community. They've attained a status of acceptance.

"But in other areas there are a lot of problems...

"The biggest gap – common to employment policy and equal opportunities – is the whole question of wages and

'We can see clearly now'

Says Chapman: "The way the new Statistical Programme is set out is quite useful: linking data needs to policy actions and therefore linking statistical instruments effectively to final outputs. This is perhaps something Eurostat should have done a long time ago. We all have to justify what we do and I think that perhaps for too long Eurostat was not explicit about the policy justifications for its actions.

"It was implicit – we all knew why various statistics were collected. But I think it's useful for the Commission to be able to see more clearly how the different parts of the Statistical Programme relate to policy concerns. It's also important for those supplying the statistics and paying for them – namely Member States and their taxpayers – to see why statistics are needed and the way they're linked to policy concerns."

earnings statistics, which is now being corrected. We've been used to working with the Labour Cost Survey for some years, but it's very infrequent. Now we're receiving first results of the Structure of Earnings Survey, which we have used to produce a chapter in the *Employment in Europe* report on wage dispersion and which has upset a lot of conventional wisdom.

"We're very pleased to see that, hopefully, both these surveys will be on a regular basis in future.

ECHP waves hello

"Other gaps? There's a lot in terms of family statistics, for instance. Demographic and migration statistics are not too bad – although they tend to be a bit out of date – but a lot of data connected to the family are not very good. Colleagues in the unit dealing with family and social policy are often not very happy with the data they have to work with.

"The European Community Household Panel (ECHP) has made some contribution towards providing this information. But, of course, this is running very late. So far we've only seen results of Wave 1. But we're hoping that the ECHP will contribute to improving our knowledge in this area and help to support policies.

"For example, last year the *Employment in Europe* report contained a chapter about the employment of disabled workers based almost entirely on ECHP data. This would not have been possible a year earlier. It proved a useful contribution to the debate on how to promote employment of disabled people."

Chapman continues: "One thing we try to do in all our policy areas is to approach issues in a new light – to try to say new things, offer new analyses, about trends and developments. Hopefully, some of the surveys and statistics now coming on line will help us do that."

This seems a good moment to ask about DG V's contribution to the new Statistical Programme...

“Statistics are an area that is often one of the first under the magnifying glass when resources come under pressure. This is unfortunate because you can't undertake adequate policy work without proper statistics. In our work that means statistics that are comparable, reliable, consistent over time – and timely.”

Chapman: "Perhaps I should go back one step. Between DG V and Eurostat we have a memorandum of understanding, signed two years ago. This is particularly because we have such a broad range of activities.

"We felt it necessary for both of us to try to create a structure in which we could formalise and identify the needs and priorities of DG V and the ability of Eurostat to meet them. We have a table, drawn up together, that defines our statistical requirements and their purpose, together with the sources from which these data will come.

"I think this was a useful exercise – particularly for Eurostat – because it enabled us to match demand and supply.

"And the social and employment section of the Community Statistical Programme very much reflects this table and memorandum of understanding. You could say we made a major contribution. We had already carried out the preparatory work that fed into the programme as a reflection of our priorities and Eurostat's ability to carry

forward their work in the light of our priorities.

"So it was a collaborative effort.

"Of course, the memorandum of understanding is a rolling programme. Hopefully, it allows us to adapt. However, we *do* recognise that, while our needs can vary quite dramatically over a relatively short period, at least in terms of political priorities, Eurostat cannot – by the very nature of the beast – make rapid changes to the sorts of statistics it is collecting.

"Like a supertanker..."

A spirit of cooperation

"I would describe our relationship with Eurostat as one of cooperation rather than one of client and server", says Chapman. "I can remember years ago when it wasn't. But things have changed both in Eurostat and in the Commission policy units. There is a much more cooperative spirit in both developing statistics and designing all the aspects of their supply.

"I tend to be a little bit impatient with people who get upset about the quality and quantity of data from Eurostat. I say, 'You should've been around 15 years ago – we didn't have any of this'. They don't realise what it was like when there had only ever been three Labour Force Surveys and those at two-year intervals."

Swings & roundabouts

"Member States often complain about the statistical burden imposed by EU membership", asserts Chapman. "But perhaps it might be useful to examine whether the statistics they use – and have been collecting at national level for the last 50 years or whatever – could be adapted for use for both national and European purposes.

"Perhaps that's where a dialogue should take place – between Eurostat and us and Member States. We all want to try to avoid burdens. But is the answer always that the burden is being imposed by Eurostat? Or is it that Member States might adapt their systems?"

"The problem is comparability. Inevitably, with 15

Member States, somebody has to change. But we are a Community and we all have to adapt sometimes to the needs of the majority. It's swings and roundabouts, really: unlucky one day, lucky another.

"I suspect that it's unlikely for it to be always the same Member State that has to change."

A meteor in space

"This is why we are involved in Eurostat's work in the early and ongoing stages. It's not something that starts and stops. DG V participates in all the relevant Eurostat working groups where statistics are defined and Member States agree what they're going to collect.

"It's vital for users that statistics are defined properly – but it's equally important for Member States, who are the providers, to know there's a purpose for the statistics and what that purpose is."

He goes on: "I think users are always reluctant to give up data that are being collected. But we all must be 'resource-realistic' – to recognise that, if you want something new, chances are you'll have to give up two things that are old. We have to be realistic about things we don't actually need or can live without or on a less regular basis.

"We have to be more flexible about the way we collect statistics. There's no point in collecting statistics about things that don't change significantly from year to year, although it's nice to have them once

every four or five years. Working hours are a classic case – or CVTS surveys."

His argument is that this frees resources for timely statistics in really crucial areas.

Demography, for example. "We all know there's a demographic 'time-bomb', and demography is the fundamental building block of both employment and social protection policy."

He underlines the policy implications of this 'time-bomb'...

"One is the need to raise employment rates for older workers, particularly women. Over the last few years we've noticed that older workers in particular have been dropping out of the labour market.

"And in social protection, particular pensions, we have to act now to ensure that they can cope in 20 or 30 years' time with the changing demographic structure. This is another supertanker – probably even worse: more like moving a meteor in space."

The interesting question, of course, is to what extent the Statistical Programme address-

es such issues. It's fairly general in approach, isn't it?

"It is."

So it's important to keep it flexible?

"Absolutely. Policy concerns can alter quite drastically. Between the first year we signed the memorandum of understanding with Eurostat and this year we've had the Amsterdam Treaty and the Employment Guidelines, with all that these imply. So Eurostat needs the flexibility in the programme to adapt to our changing needs – within, of course, the realms of realism imposed by statistical instruments that are not easily changeable. We regard the Statistical Programme as, perhaps, a framework."

A more complex future

I ask Chapman to cast his mind to the next Statistical Programme. What sort of things will he expect Eurostat to be measuring for them in the next century?

"I suspect we shall become more sophisticated in our use of more refined data at a more detailed level. Society is

becoming more complex. Policy is becoming more complex and targeted at specific groups and problems, particularly relating to people's position in society and the labour market.

"This demands more specific data. And this means we may have to give up some statistics or collect them less regularly."

Just one of those things...

"All users complain about timeliness", Chapman points out. "We recognise why such problems exist but we shall still continue to complain because data are always out of date.

"It's a chronic problem. Many areas have improved enormously and nowadays most data we deal with are only a year out of date – or refer to the previous year, which is acceptable.

"We hope that in several areas we shall be able to move towards more regular data. Of course, we don't always need them. What we have to do is make sure we're receiving the data we want on a timely basis, appropriately. There is a danger that data tend to appear with the same regularity that surveys are undertaken, regardless of whether this is justified or not. For example, if you have an annual survey, data tend to come out annually..."

"It seems to be one of those things – and one that perhaps should be addressed by both collectors and users of such data."

For an NSI view of the new Five-Year Statistical Programme, *Sigma's* ANNIKA ÖSTERGREN went to Statistics Sweden (SCB) and talked to Deputy Director-General GÖSTA GUTELAND. She found a man who believes in a statistical future of...

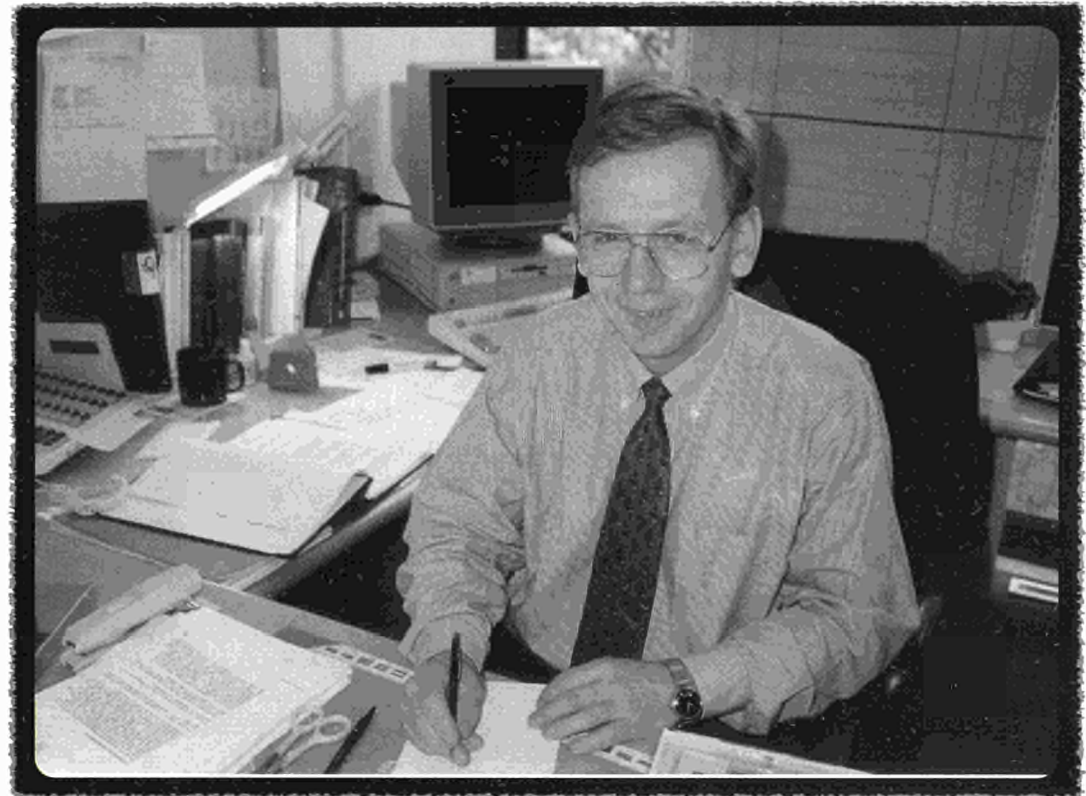
Quality, speed & user-need

Meet **Gösta Guteland**, Deputy Director-General of SCB, a week after the Statistical Programme Committee meeting in Stockholm. He seems happy – both with the meeting and the Five-Year Programme, which he sees as realistic and a reflection of increased cooperation between Member States and Eurostat.

Mr Guteland is involved in the working group on the annual programmes, which also discusses the Five-Year Programme at an early stage of development. Such discussions don't just deal with how activities are to be organised. They also examine the quality of the work, methods of assessing costs of statistical activity and ways of focusing more clearly on the user.

"Quality is a topic **Mr Guteland** raises often in our talk. He believes both Eurostat and Member States will place considerable emphasis on the quality of their work in the coming years. New quality concepts will be introduced. These will focus on users and take a closer look at procedures to try and make them as effective as possible.

"High on the list of priorities will be efforts to involve all parties concerned in this work. If more and more NSIs try to improve quality, they



will be able to supply statistics more quickly – and thus meet one of the main user-demands.

"Meeting deadlines and good timing are of capital importance, particularly with a view to EMU", says **Guteland**.

The Five-Year Programme takes as its point of departure the policy positions adopted in the Maastricht and Amsterdam Treaties. The programme emphasises three key areas: EMU, EU enlargement, and employment, growth and competitiveness.

*I ask **Mr Guteland** about the strengths and weakness-*

es of the Five-Year Programme...

"EU enlargement is a strong point", he replies without hesitation. "We have been and are working a lot with applicant countries, which are very ambitious and have adapted well to EU requirements in improving their statistical systems.

"There is obviously still work to be done, and this forms a major part of the programme. It's harder to comment on the other main areas. Take, for example, the new demands for faster and better statistics on GDP, prices etc as a result of EMU. The demands here

are probably so high that it may be difficult to meet them. In this respect, they form a weak link. But at the same time, we are working hard in this very area and are fully aware of the problems."

He quotes David Wroe – former Deputy Director of the UK Office for National Statistics – and his assessment of the 1993-97 Statistical Programme...

"The convergence criteria have been met, but the EMU requirements are a different matter... Substantial improvements need to be made, first and foremost with regard to 'time' as a quality variable."

"To say that we must produce statistics more quickly is fair criticism", says **Guteland**. "EMU presents a considerable challenge, and it is by no means sure that we shall be able to rise to it as well as the Commission and the European Central Bank would like."

On employment, he doesn't feel any fundamental developments have been made in labour market statistics; neither can he say that plans exist for major efforts in this area.

"This is a bit strange, since employment is a political priority; and even though the quality of information has improved, there's still every reason to revise and improve the labour market statistics. As an example we need better information on non-paid employment. Time-use studies could give an answer to this.

A bonus

"Leaving aside EMU, the new Five-Year Programme is characterised by the fact that we have entered a period of consolidation. There should be no major expansion in the areas covered by statistics; neither is there any great demand for new statistics.

This is a bonus because it gives us time to attend to quality and work on the statistics we've already promised to produce. The perspective of a new common VAT system is, of course, something that threatens. The effects on data quality could be serious. There will be a need for new resources to meet that threat."

What effect, I ask, does the Five-Year Programme have on the work of SCB?

"We use it as a framework for our long-term plans, which run for three years. Broadly speaking, we examine the resources we need to meet the demands made by the EU."

In SCB's three-year programme there is a section on the EU, listing various spending on EU-related adjustments. This covers both staff and finance.

When the SCB programme was presented, there were some negative articles in the Swedish press accusing the EU of making unreasonable demands that had led to cutbacks, especially in population statistics.

Were such criticisms justified?

"What we do is examine the demands made by the EU and the Government. The trouble is we're supposed to finance all EU-related activities within existing limits – we are given only small additional resources.

"We said simply that we could not satisfy EU demands without making cutbacks in some national areas. At that point we singled out areas where cutbacks could be made, and they were mostly in social statistics. Finally, the Government agreed with some of these suggestions but did not accept others. We also got some additional funding. And, when all was said and done, we didn't actually have to curtail so many activities."

Instead, SCB has shortened the opening hours of its library and been less ambitious with certain publications etc. To some degree this has been compensated for by an increased

service on the Internet. And rapid improvements in productivity over the last few years have helped finance a major part of EU actions.

"It's not been easy", he says, "but we've done it!"

What happens if?

EMU is a priority area. What, I ask, happens if Sweden stays outside?

"We shall follow suit as regards statistics, since we don't know if or when Sweden will join EMU. In other words, there's every reason for Sweden to ensure it meets the requirements.

"I think we can keep up easily with events in the short term. But the longer EMU evolves – and as new demands for more indicators pour in from users – it might be difficult to keep pace with developments if we remain outside."

While stressing that nobody knows at the moment if or when Sweden will join EMU, he cites Norway as an example of a country that remains





Gösta Guteland believes that more 'discipline' around the negotiating table will be a 'must' when the EU expands...

firmly outside both the EU and EMU but *still* manages to keep up with statistical developments.

Some countries have said the Five-Year Programme isn't detailed enough. I ask if this is true.

Guteland: "I can live without a higher level of detail. The Five-Year Programme narrows the fields we shall be working with and the one-year programmes describe in more detail how the work is to be carried out."

He feels it a good idea to have a long-term programme coupled with a more specific annual one.

"The Five-Year Programme gives a rough idea of what will happen under present conditions. If policy changes are then made and other areas given more importance, adjustments can be made in the annual programme."

He thinks it important that Member States have room for manoeuvre, as this creates dialogue between Eurostat and NSIs. And it is difficult to draw up long detailed lists well in advance, as it's only

after proposals and problems have been discussed in detail that solutions can be found.

He adds that SCB and other NSIs can influence the shape of the annual programme. A good example of this is when Eurostat wanted to expand short-term indicators. Sweden and other Member States thought this was asking too much. They felt the level of detail too high and wondered who would want to use them.

On top of this, the work would swallow up considerable resources. Member States asked if it would be possible to use existing statistics or solve the problems in some other way. The outcome was that Eurostat lowered its sights. End result: an alternative much less resource-consuming than the format outlined in the Five-Year Programme.

Better decision-making

To increase the NSIs' influence and avoid wasting time when agreement is difficult, **Mr Guteland** backs a proposal tabled to make the deci-

sion-making process more effective. This involves setting up a body between working groups and SPC in which a greater number of compromises could be worked out. This would mean fewer technical items at SPC, and the Council would not be presented with matters on which Member States disagreed.

"I think we should make greater efforts to thrash out compromises at SPC or at lower levels", he goes on. "A preparatory body operating between SPC and working groups could play a useful role."

Gösta Guteland believes that more 'discipline' around the negotiating table will be a 'must' when the EU expands. "What will happen when there are 25 to 29 Member States sitting round the table? We shall have to operate more efficiently."

He also suggests Eurostat should familiarise itself with applicant countries' statistical systems and that the European Statistical System (ESS) should devote time and resources to building these up. He doesn't see any major problems with

this, as applicant countries already have made considerable progress and are very positive, as well as competent.

He thinks it's good – more manageable – that these countries will probably join in different waves.

Price tag for politicians

Guteland believes economic statistics will continue to be dominant in future and is convinced Eurostat and NSIs will place more emphasis on quality. He sketches a scenario of greater and greater use of technical solutions to ease supply and dissemination of information. The speed with which statistics are made available will assume increasing importance.

"We shall also see an extension of social statistics, since integration will make it more important to judge living conditions and their evolution in different parts of the EU."

Some statistics, he adds, such as those on agriculture, will be scaled down – but with probable expansion in regional statistics.

"I also think that we shall be working more with cost analyses and comparing the costs of producing statistics in the different countries. More work is needed in this field, because production costs are calculated in different ways in different Member States.

"This is very important", he concludes, "because it enables us to put a price tag on statistics when politicians come up with new demands."

The French NSI, INSEE, is particularly active in work leading to the Community Statistical Programme. It has, as one would expect, some very definite views. *Sigma* questioned FRANÇOIS ELISSALT, head of INSEE's multi lateral relations and European affairs.

EU statistics 'at a turning POINT'

Sigma started by asking François Elissalt about INSEE's role in drawing up the 1998-2002 Community Statistical Programme.

"INSEE played a very active part. On 23 September 1996 the Statistical Programme Committee (SPC) decided to set up a task force for this purpose. INSEE – along with the NSIs of Germany, Italy, Luxembourg, Sweden and UK – took part in the three meetings of this group up to July 1997. INSEE also attended the programming meeting called by Eurostat in April 1997. And it participated in the work of the Council working party that, from April to November 1998, added the finishing touches to the draft Decision."

Sigma: For the first time the programme has adopted a dual approach – political and statistical. Did this influence your vision of the document? Do you think this new presentation adds clarity?

Elissalt: "It had become essential to take the political approach into account. Community statistics have now reached a turning point. From being a source of information on the EU, they are now required to act more and more as a key instrument in determining economic policy.



Economic and monetary union, the Stability and Growth Pact, reform of the structural funds and Agenda 2000 – all have considerably strengthened the importance of statistical instruments.

"In this respect, I have also noticed that both content and presentation of the 1998-2002 programme are much better than the previous five-year programme. Listing of priorities is particularly clear, allowing the programme to be

defined as accurately as possible in terms of subjects and work to be carried out. These improvements have also been hailed by SPC itself."

Sigma: What do you think of the contents of the current programme?

Elissalt: "In terms of its general approach, it strikes me as perfectly satisfactory. But I would like to make two points. Firstly, it is regrettable that the arrangements for

financing Community statistical work are such that they cannot always guarantee the funding of priorities approved by SPC and explicitly set out in the five-year programme. For example, implementation of the Regulation on structural business statistics was delayed because funds required were not available. This is worrying, given the Regulation's importance.

"Secondly, the burden imposed on NSIs is increased by the use of Community codes. Conditions for establishing a balance between projects and available resources – both from Eurostat's side and for the 15 NSIs – are not clearly set out in the programme."

Sigma: Some might think the Programme not detailed enough – what is your view?

Elissalt: "Obviously, one might regret that the programme lacks detail on one point or another. Each NSI might have its own opinion on this, which, of course, would be a reflection of its own priorities. But, all in all, I feel the level of detail is satisfactory.

"Any work programme that aims to be functional has to have clearly defined priorities. This entails a fairly detailed presentation of the actions to be taken to achieve them. But one also has to accept that over five years these priorities might change, or even be called into question. What is important is to ensure smooth interaction between the priorities in the

five-year plan and the annual work programmes.

"Exhaustiveness is one objective set when drawing up a work programme. Best way of achieving this is to allow a certain flexibility, making it possible to take account of new requirements as they emerge. In this context, Article 4 of the Decision on statistics explicitly states that 'during the third year of implementation of the programme the Commission shall draw up an intermediate report showing its stage of development and present this to the Statistical Programme Committee'.

"While it might have been desirable to have it a little earlier, this report scheduled for halfway through the programme should, nonetheless, help make the plan more effective. However, I firmly believe that, while the inherently time-consuming process of allocating codes might be essential, by no means will it solve all the problems. Adaptability is more important."

Flawed Regulation

Could you give an example?

"One that springs to mind is that of the European Central Bank's requirement for short-term economic indicators. As you know, last May the Council approved an important Regulation on this matter. But drafting this was not without problems and took several years' discussion by technical working parties. After being submitted to the Council, the examination lasted almost ten working days.

"Main flaw of the draft Regulation is that it was probably too demanding in terms

of level of detail of variables to be provided. It also allows for a fairly large number of exemptions and the implementation of pilot studies and, at the request of several NSIs, authorises periods of transition.

"However, the timetable for implementing the Regulation on short-term statistics – which is fairly difficult to apply, despite amendments during the discussions – is not adapted to ECB needs. These have to be met in the very short term, if not immediately.

"To fill this gap, SPC decided at its meeting in Stockholm on 27 May '98 to compile a 'monitoring file' on the economic climate in this area as of autumn 1998. Of course, the tight deadline for doing this has led to adoption of pragmatic measures that, in particular, authorise provision of substitute or estimated variables.

"This seems a good illustration of the point that efforts to take better account of user needs – in this case by speeding up data supply – can clear a bottleneck in no time."

Sigma: *What role does the Community Statistical Programme play in your national plan? How do you incorporate it? What problems arise?*

Elissalt: "In France the main statistical operations are drawn up in a five-year programme. The next covers the period 1999-2003. Like its predecessors, it has been drafted by the National Council for Statistical Information (CNIS). This body, which has 100 members, brings together producers – INSEE and the statistical

departments of the various ministries – and users, in the broadest sense: MPs, representatives of workers' and employers' associations, academics and other 'qualified people'.

"This process of ensuring that all parts of society – not just from the world of politics – are very closely involved in determining the main guidelines of the statistical system is one fairly unique characteristic of the French structure.

"CNIS was kept regularly informed about progress on the draft Decision on the Community Statistical Programme. Several updated versions were submitted for its opinion. Yves Franchet, Director-General of Eurostat, who sits on the Council as a 'qualified person', informed CNIS about preparations for the Community Programme at its plenary session in July 1997.

Ever-closer links

"In recent opinions, CNIS has stressed the vital importance of certain priorities in the Community Programme, particularly those emanating from introduction of EMU. It underlined the need to establish quickly a set of coherent indicators capable of shedding light on how European and national authorities conduct macroeconomic policy in their respective areas of responsibility. This is the aim of the monitoring file I have already mentioned.

"A fairly broad consensus exists on general guidelines for statistical programming at Community and national levels. This is simply a reflection of ever-closer links between

EU's priorities and those of Member States.

"The real difficulties emerge at a different stage: either when the draft Regulations or Directives impose too great a burden on producers of statistics and respondents; or when the general provisions – such as those for Intrastat or the draft definitive VAT arrangements – threaten the quality of statistics."

Sigma: *What do you think should be the main objectives of the next programme?*

Elissalt: "In 2003 monetary union will be part and parcel of European life. The ECB and political bodies will have accumulated practical experience of the demands imposed by EMU. So I think that the priorities on EMU and the Stability Pact already included in the 1998-2002 programme should feature in NSIs' work programmes as topics for more detailed study.

"I also think we should probably make a concerted effort with indicators of social performance – finding jobs for the unemployed, combating poverty etc. This will doubtless pose problems for the harmonization of national concepts.

"Finally, the prospect of EU enlargement will obviously have major consequences for statisticians. Cooperation with applicant countries should be stepped up significantly and priorities of the Community Statistical Programme, particularly in the field of trade, should take account of the consequences of enlargement.

"To sum up, I would say that the 1998-2002 programme testifies to the deepening of the Union. The next programme should reinforce this."

How do central European countries aiming for accession to the EU regard the Community Statistical Programme? *Sigma's* BARBARA JAKOB took the opportunity of a CEC meeting in Luxembourg to record the views of TADEUSZ TOCZYNSKI, President of the CSO of Poland, one of the 'first wave' Candidate Countries.

A road sign for STATISTICS

Tadeusz Toczyński (49) was appointed President of the CSO of Poland in 1996 after leaving in 1992 to be President of the Board of the company Creditreform.

After graduating from the Central School of Planning and Statistics in Warsaw, Toczyński started his career in the CSO industrial statistics division in 1974. In the early eighties he worked for two years for the UN Economic Commission for Europe in Geneva where he prepared statistical information and reports on eastern European countries.

He returned to the CSO as head of section in the price statistics division, becoming a Vice-President in 1990.



"The Eurostat Statistical Programme is a kind of road sign for all countries – not only Member States", **Toczyński** states. "It strengthens the role and activities of European statistics and confirms we're on the right track in preparing for the turn of the century."

This Fifth Five-Year Community Statistical Programme is important not just for Poland but other CECs. It will serve to evaluate and confirm if they have done enough to bring their statistical systems up to international standards.

The Polish CSO has just started anew with medium-term planning. **Toczyński** explains: "Our last five-year programme was prepared 10 years ago. Since then we've worked only on annual programmes. But we realise we need a longer perspective. This is why we recently developed a five-year programme again, which will soon be adopted. It is the same time-span as the Community Programme – from 1998-2002 – which really helps.

"There is a kind of convergence between the EU and

Polish programmes. It will make promotion of the programme in our country much easier.

"Ours is a programme of development of Polish statistics. It is very similar to the Eurostat programme because we modelled it on Eurostat's previous programme.

"In terms of content it is a bit broader because we had to take account of our special conditions and infrastructure – the reality of our country. Our Polish programme also con-

tains descriptions of surveys we plan to implement – or we think we should implement – in the period. It also includes a timetable of activities and a list of what we regard as essential investment in infrastructure – not only equipment but human resources.

Eager to take part

"Until now we haven't included the Eurostat programme in ours to any great extent", **Toczyński** adds. "Ours contains in a very detailed way everything relevant to Polish statistics and what will be required from us in the period of adapting and harmonizing our national system to the EU system."

In 1990 the Polish CSO signed a special cooperation agreement with Eurostat. It was completed by a Common Declaration signed on 17 January 1994.

Depending on the date of accession, the Community Statistical Programme could well be of concern to Polish statisticians. **Toczyński:**

"We were not involved directly in preparing the Community Statistical Programme – not invited to the institutions or bodies that drafted it. But indirectly we probably influenced the content by the participation of our people in working parties and groups and seminars on particular subjects. In such groups there is, of course, discussion of what should be included.

"But, in the near future, we shall be very eager to take part in the preparation. We consider this important. This is always the way with managers – immediately you finish one project you start to think about the next. Maybe

Two declarations form the basis of cooperation between Eurostat and the Polish CSO. They are aimed at supporting further adaptation to international statistical standards and creating a statistical basis for integration into the world economy.

A common declaration on statistical cooperation between the CSO of Poland and Eurostat, signed in October 1990, says:

"Statistics are in the first line of this process of transition to market-driven economies: fundamental to the success of this process is an appropriate statistical system to provide sound economic, financial and social data, vital for designing and managing the reform process as well as the development of private enterprise.

"Statistical cooperation between Eurostat and GUS (CSO Poland) can greatly further this end."

This first common declaration was completed by a second signed in January 1994 by the heads of the statistical offices of Bulgaria, the Czech Republic, Hungary, Poland, Romania, the Slovak Republic, Slovenia and by Eurostat. In this declaration a work plan in preparation for the accession of these seven countries to the EU is drawn up which includes work on the statistical indicators which the Communities' services will need for preparation of accession negotiations.



CSO Poland has been in existence for eighty years – and is the only central State office in Poland that hasn't change its title over this period.

"We've had a changing working environment in these eighty years but our statisticians have always tried to follow the ethical code.

"In the past, development of the office was based on the consecutive five-year programmes developed after the Second World War. Our predecessors' work is important for those now trying to achieve a new quality of statistics. This heritage obliges us to improve our statistics and methods because we're aware that we don't work only for the present but also for the future. We know that the figures we are producing now are the background for future generations. We know this because we ourselves use statistics of the past."

soon we shall have the opportunity to influence the shape of the programme directly.

"And we can contribute in a positive way with the experience of our transition period."

This is exactly what **Toczynski** misses in Eurostat's programme. "From our point-of-view, the monitoring of the relationship between Western countries and those of the post-communist East – how their societies are integrating, especially on the borders and in the Euroregions – is not stressed enough. Perhaps it was not possible at this stage, but we see it as very important."

"The first issue that is important for Poland – and not only us – is monitoring this period of transition and poverty and risk of poverty. In most countries this is not well enough developed.

"Another problem is the statistical 'education' of society and of the political elite. Each country's practice is different in terms of increasing statistical literacy. Statistical offices generally know how to do this, but maybe it should be stressed more in the programme."

A form of education

Even though this last item is not seen as a priority in the next Community Statistical Programme, there is recognition of it in the choice of two different ways of presenting the programme – to serve both political circles and the statistical community (see *article on page 4*). How does he judge this dual approach to presentation?

"Statisticians are never happy when you put statistics too close to politics. But there is no country where statistics are separated from political reality or trends. The role of government and parliament in every country is to implement those policies determined by society when it voted for certain political options. But clearly it is dangerous if statistics become too influenced by politics. In this respect, the conditions under which we at the CSO work are very good.

"The priorities highlighted in the Eurostat programme – monetary policy, EU accession etc – are certainly political; but an important function of statistics is to support policy.

"This type of presentation is good for people in politics and economics and various other circles. And it helps statisticians in their task of encouraging greater awareness of statistics in society.

A good programme

"In general we consider it a good Programme – comprehensive, multi-dimensional and exhaustive", **Toczynski** continues. "It contains everything we should do as European statisticians in this period. Wide dissemination of the Eurostat programme is very important for all countries. If our programme contains the same in terms of content we have the satisfaction of seeing our national statistics and European ones going the same way."

But he does seem to consider it not detailed enough. "It is just an enumeration of guidelines. And maybe there's a danger in this: because it is very broad each country might interpret its obligations in a different way. This might lead to time-series for particular countries not being fully comparable. We can imagine some EU countries might have difficulty in actually implementing the programme.

"These general guidelines will have to be interpreted in more detail and implemented in statistical practice.

"Around the turn of the century you have to take into account the turbulent changes that may be occurring in many countries. We have to monitor these. The Eurostat programme creates opportunities for statisticians to be perceived as objective and reliable observers of such changes."

On 8 October 1998 the European Parliament discussed the EU Statistical Programme for 1998-2002. *Sigma's* BARBARA JAKOB asked ASTRID LULLING, the EP's Rapporteur for the Statistical Programme for the Committee on Economic and Monetary Affairs and Industrial Policy, about the recommendations she made to her parliamentary colleagues.

'Stability of the euro depends on good statistics'

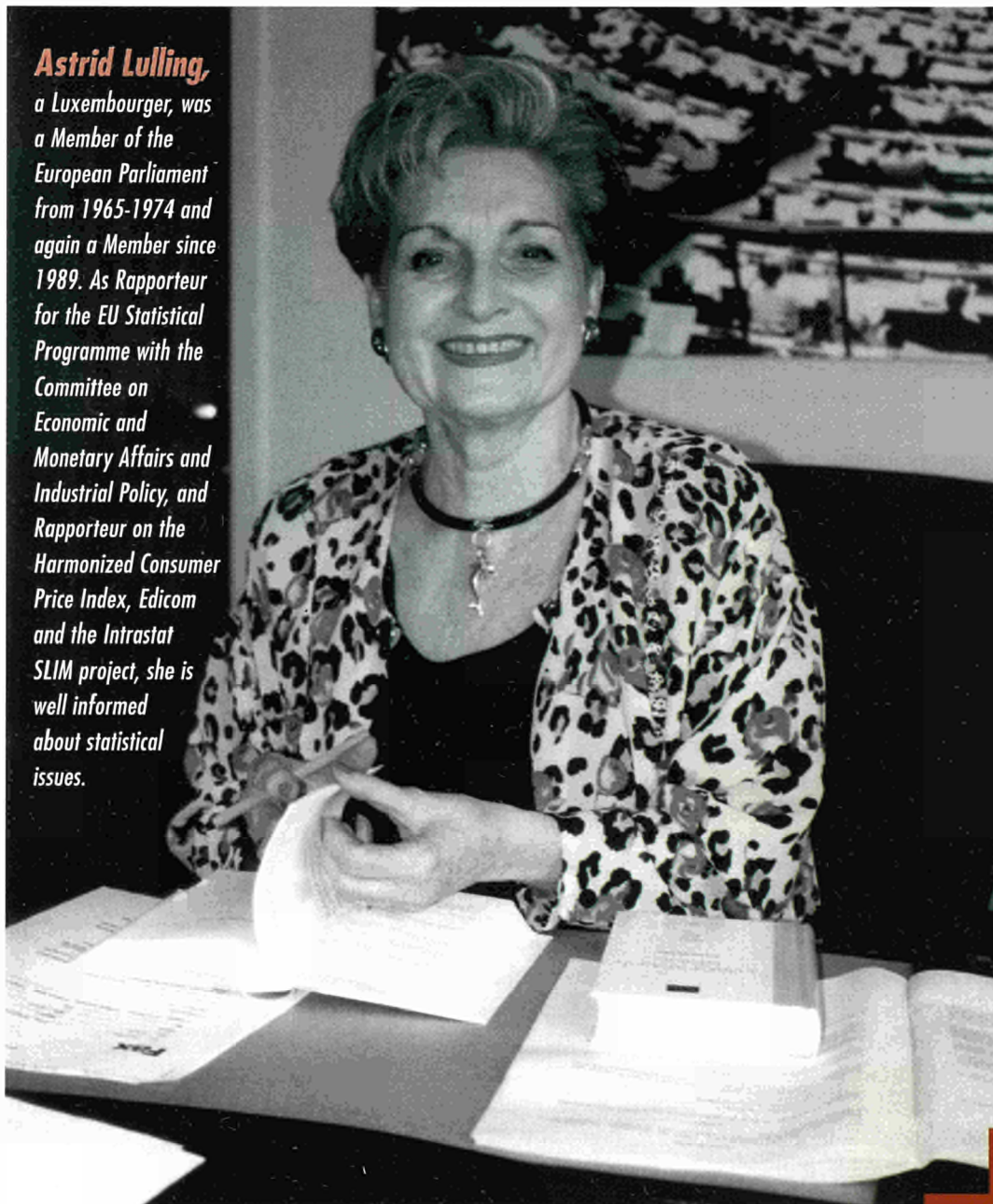
"It's essential for Parliament to be consulted about the Statistical Programme", says **Astrid Lulling**. "It needs to have as much information as possible before it can ratify any policy. The Statistical Programme provides this.

"Unless you're well informed, you can't take the right policy decisions", adds **Lulling**, a keen advocate of statistics. It's her declared intention to make Parliament aware of the significance of statistics. She knows only too well that such issues as the common driving licence and restrictions on tobacco advertising tend to attract far more public interest than statistics!

"Yet", she goes on, "the Statistical Programme really is the basis for all the knowledge that we – Commission, Parliament and all other Community decision-makers – need. It's a pity we can't put a value on statistics – can't say exactly how big a contribution statistics make to the functioning of the markets. If we charged for them, nobody would be able to afford them!"

With the coming of EMU, Agenda 2000 and EU enlargement, some far-reaching political decisions will need to be taken around the millennium. These will demand reliable statistical information. Does the

***Astrid Lulling**, a Luxembourger, was a Member of the European Parliament from 1965-1974 and again a Member since 1989. As Rapporteur for the EU Statistical Programme with the Committee on Economic and Monetary Affairs and Industrial Policy, and Rapporteur on the Harmonized Consumer Price Index, Edicom and the Intrastat SLIM project, she is well informed about statistical issues.*



Community Statistical Programme meet the requirements and expectations of this crucial five-year period?

Lulling: "I think the programme is generally a good

one, considering the resources available. What I like most is that each chapter states clearly what has already been done, what the priorities are and why some desirable things can't be

done. This transparency puts the responsibility in the hands of the politicians.

"The priorities are also well chosen: EMU, of course, followed by competitiveness,

growth and employment and then enlargement – these are very much the key political issues."

The priorities are closely examined by various committees, above all the Committee on Economic and Monetary Affairs and Industrial Policy, with **Ms Lulling** as its Rapporteur.

Measuring the temperature

"We urgently need reliable statistics", says **Lulling**, "above all for economic and monetary union.

"The instruments for the famous Maastricht criteria, which determine the Member States that can take part in monetary union, need more refinement. Without a common thermometer we can't measure the temperature properly."

Lulling feels that calculation of GDP is one area most urgently demanding improvement. GDP is crucial for determining the budget deficit and permissible long-term debt

under the Maastricht criteria. "For example, the way Member States deal with the black economy is important. Whether they include it or exclude it affects the point at which they reach the critical 3% mark for the budget deficit.

"The important thing at present is obtaining reliable yardsticks for applying the criteria for Maastricht and the Stability Pact. There will be penalties for non-compliance, and such decisions must be based on well-founded and comparable figures."

Choice of the second priority – competitiveness, growth and employment – is seen by **Lulling** as undoubtedly right. But she would also like to see more research into women's issues and considers it essential to have reliable data as the basis for discussions about reducing wage costs.

"One chapter I find particularly interesting", she continues, "is tax harmonization, which is part of being competitive. Healthy tax competition should continue – but what we must fight is the type of unfair

tax competition that causes distortion and is therefore incompatible with the single market. But to find out where we really need to harmonize, we need very trustworthy information.

"VAT is another area where we need data. We're obviously not getting any closer to a consensus on tax rates, despite the 1992 decision. This is not so easy to achieve, because, for example, Member States have different ways of financing social security.

"This brings us to another critical point: social security financing. This, too, of course, needs reliable data. There's a ticking time-bomb. Our populations are getting older and our financing systems are on shaky ground with pay-as-you-go schemes and high unemployment.

"To keep the euro stable it's essential to have the support of solid and reliable statistics."

Another area **Lulling** sees as crucial, particularly in the light of Agenda 2000 and enlargement, is agriculture.

"We need to know what's going to happen to agriculture when new countries join us.

'Preferences cost money'

"The Commission has come up with a very realistic programme this time. Not everyone's preference is included – but preferences cost money. Parliament would certainly have wanted more as well; but, after all, it is Parliament that has to decide the budget. And we are faced with the constant dilemma of having demanded this and that in various committees, only to discover the Committee on Budgets has axed the funds to carry it through.

"This means that, whenever we want to avoid postponing something, we have to think about how to scrape the money together. On top of that we have to think about the Member States, which also tend to cut the budgets of their statistical offices."

"Another interesting point about the new Five-Year Programme is there's not much new legislation. In other words, we could take far more advantage of the freedom our legal framework gives us.

"We have some crucial decisions to take, and purely because of budget restrictions we don't have all the information we'd like.

"I intend to make Parliament aware that we need even faster and better information.

"But", **Lulling** concludes, "Eurostat is already doing a very good job."

Statistical schizophrenia

Says **Lulling**: "We – by which I mean both industry and the European Parliament – are all a bit schizophrenic about statistics. We all want firms to have to supply as little information as possible, so they are not over-burdened; but, on the other hand, large companies and professional associations can never get enough information."

The SLIM project for simplifying Intrastat presented

her with a conflict of interests. Small businesses were pleading for simplicity; the associations representing them wanted still more detailed statistics.

"I, too, was being pulled in two directions. We could simplify the system and please the small firms that complain about being over-burdened – but this would annoy the professional asso-

ciations, which don't want to lose the information they need for their trade policy.

"No one likes statistics if they have to supply the material, but everyone likes interesting statistics to quote. I hope I've found the right compromise in my report – one Commission and Council can approve and, at the same time, Eurostat can live with."

BART MEGANCK 'wears two caps' – his own phrase. As a central banker, he is Vice-Chairman of the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB), which he chaired from 1993-1995. As an official of the National Accounts Institute, he sits on the Statistical Programme Committee (SPC), and thus helps draw up the Community Statistical Programme. He gave *Sigma's* ISABELLE MARIE his view of the programme.

A programme for everyone



Bart Meganck has been with the Banque Nationale de Belgique since 1969. He joined the research department after studying economics and was sent by the bank to Zaire on assignment from 1972-73. In 1987 he became Head of Statistics.

Mr Meganck, I start, you were involved in drawing up the Community Programme, both as a member of the Belgian delegation to SPC and as Vice-Chairman of CMFB. Did this twin role influence your approach?

Meganck: "There can no longer be two different approaches. Today the main users of European statistics are Community bodies such as the Commission or the European Central Bank. At national level, activity is now determined largely by Community requirements. What we want now is comparable, harmonized statistics."

"The approach is thus identical, even though, within the two bodies, we work on different aspects of the programme. The only slight difference is that CMFB has sometimes been brought into the process at a rather late stage."

You would have preferred to have been included in the process earlier?

"Yes. Most of us feel that CMFB has been brought into certain SPC areas of responsibility too late, and there's nothing we can do about it now. Which is a pity, because CMFB is jointly responsible for a vital part of the programme – economics and finance, one of the most political components."

"I think Eurostat has clearly understood the problem. For the next programme, CMFB should be much more

involved. On a lighter note, those preparing the Community Programme used to consider CMFB the SPC's 'younger sibling', consulting it when they happened to think of it. The younger sibling has now come of age, and we must start listening!"

Big improvement

On the whole, I ask, what do you think of the programme?

"Soundly constructed – the new approach is excellent; a

distinct improvement on the approach used for the previous programmes. Nowadays, statistics are much more closely bound to politics, and we can't afford to ignore their political implications. There's no longer any point having a programme that produces statistics for statistics' sake."

Although the programme is well constructed from a formal point-of-view, do you think it's detailed enough?

"It's not necessary to have too detailed a list of priorities. A statistical programme must be short and to the point – it shouldn't leave too much scope for action. I like to compare a statistical system to an oil tanker – it speeds up slowly but, once started, is virtually impossible to turn round or bring back."

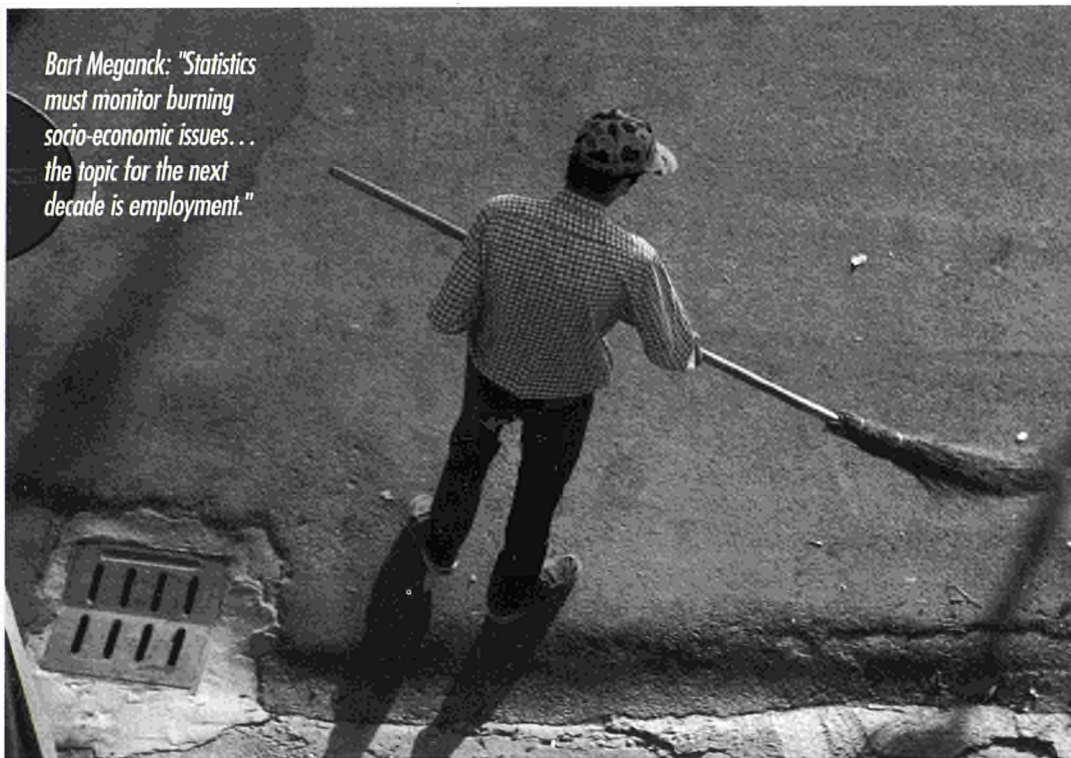
"Statistics are highly sensitive to developments in society and they must adapt quickly to changes. So the less detailed the programme, the greater the room for manoeuvre in terms of making adjustments."

What changes are you thinking of in particular?

Meganck: "Statistics must monitor burning socio-economic issues. The topic we must work on – in fact, the topic for the next decade – is employment. But I don't think employment has received top priority under the Community Programme."

"The way I see it, statisticians must be prepared to meet society's needs. This is why it's important to establish a specific statistical infrastructure in the field of employment as quickly as possible."

Bart Meganck: "Statistics must monitor burning socio-economic issues... the topic for the next decade is employment."



"Two other topics I think important are economic stability and growth. Although we now know which Member States have entered Economic and Monetary Union, it's still essential to check and monitor government budgets, economic and monetary stability and growth.

"Two additional objectives stand out. First is to supply statistics that are clearly able to chart the process of economic and social convergence. Second has to do with globalisation. The process of economic integration will not stop at the frontiers of Europe. We must be able to compare European statistics with those from other economic blocks.

"Statisticians must devise a system for comparing data from around the world."

You mentioned globalisation and statistical harmonization. What's your view of applicant countries and the Community Programme?

"NSIs in these countries are easing themselves in. They are starting to attend meetings, and have a great deal of contact with Eurostat. They realise that the day they submit their applications, they will have to meet the relevant statistical requirements.

"Once a year, these countries have a joint meeting with the CMFB steering committee. During this they receive information on what we do and how we do it. They also take part in technical groups, basically to harmonize their methods. Currently, this is the most important thing."

Limitations of national statistics

Harmonization is very much on the agenda at the moment. What, I ask, would you say about the impact of the Community Programme on national statistical programmes?

"I'll answer that question with another. What's the point

nowadays in distinguishing between national and Community programmes?

"European economic integration has clearly been a success. National programmes thus seem to me to be less useful. Not everyone will agree with me, but I think that each national programme will soon become a regional programme.

"National statistics will be of local interest. A distinction between national programmes and the Community Programme no longer makes sense. Because, although some types of national statistics occasionally have a purely national slant, these data can't be compared with other European statistics. Thus they are of less interest.

"As I see it, statistics become meaningful when they can be compared with those of neighbouring countries, and with EU Member States as a whole. I can't speak for other countries, but in Belgium the

annual national programme is practically identical to the Community Programme.

"Obviously, national annual programmes are taking increasing account of the Community Programme. Although some larger Member States might still focus more on their national programmes, people are clearly aware nowadays that there is no point in producing statistics that are not comparable. Even the Germans are having to part company with their highly-specific system of national accounts."

Meganck concludes: "Statistics and politics are very closely linked, but statisticians – and this is very important – have managed to remain independent of the political authorities. This has never been very easy.

"At national level, statisticians are still faced with conflicting interests. Furthermore, there have always been conceptual differences between Member States and the EU when it comes to methods and figures.

"The good thing about CMFB is it has helped us safeguard our independence *vis-à-vis* national political authorities. We can thank Mr Franchet, the Director-General of Eurostat, for taking the initiative in creating CMFB. After eight years, I have no hesitation in saying that it has been a real success and has done a great deal for the independence and credibility of statisticians.

"It has made a genuine contribution to European integration."

One of CEIES's special tasks is to bring different people together to form an advisory body. It is a unique statistical group because of its membership.

As **Karen Siune** explains: "There are representatives from a range of backgrounds and different walks of life in various economic, social and scientific circles. CEIES's main purpose is to have producers and users and data providers all participating to allow open discussion about statistical needs.

"As a group we find it imperative to raise the awareness and support the creation of statistics in the wider context of European society. It's much easier to form an overall view of what's necessary because members have four different approaches. The group offers a starting block for deciding what kind of statistics are required, what kind can be provided, the best way of obtaining them and, most importantly, how soon they're needed."

Taking an active role

It is the first time CEIES has played such an active role in drawing up proposals in this context. **Siune** believes this can only be good. "I think it's natural to use us for a social and cultural point-of-view. Naturally, the programme tends to stick to EU policy constraints – but we tend to build a bridge between the political system and the wider community.

"Some of our members come from the business sector and their needs have to be included, because, after all, if

The European Advisory Committee on Statistical Information in the Economic and Social Spheres (CEIES) exists "to assist the Council and the Commission in the coordination of the objectives of the Community's statistical information policy, taking into account user requirements and the costs borne by the information producers". **KAREN SIUNE** is CEIES Vice-President and, among other things, director of a Danish institute for studies in research and research policy, the *AnalyseInstitut for Forskning*,

CEIES

with responsibility for R&D statistics. *Sigma's* **CATHERINE VERITY** spoke to her about CEIES's reaction to the Five-Year Statistical Programme...

'a very positive response'



Karen Siune is Vice-President of CEIES, a group of around 60 members. Membership consists of three representatives from each Member State. These include one NSI Director-General from each country and people from trade unions, the education sector and other interest groups.

CEIES members are nominated to the Commission by NSIs for a renewable four-year term. She is in the chair for the meetings held by the group, which include an annual plenary session in Brussels and three annual bureau meetings hosted by different Member States, as well as seminars. These seminars are one of

the group's success stories, attracting European-wide interest from members and non-members.

Karen Siune was a member of the Danish Board of Governors for Statistics Denmark and through this became an ordinary member of CEIES, taking up the Vice-Presidency in 1995.

She holds a doctorate in political science and has been professor at the University of Aarhus. **Karen Siune** has published several books and articles about European voters and their attitudes to European integration.

Eurostat takes their opinions into account it is to mutual benefit. It improves the willingness of users and providers to cooperate by listening to what they want. They are then more likely to provide the data required."

CEIES opinion overall is very positive about the new Statistical Programme. But what does it seek from it?

Siune says different needs within the group helped to establish whether the pro-

gramme was satisfactory or not. "My first reaction was to identify whether the programme met the needs of all users. This is important, not only for the other members of the group but also for me, since I consider myself a wide

rather than a narrow user of statistics.

"There's an advantage in my being a political scientist because I'm used to looking at things from different perspectives. This makes it easier to put myself in other people's shoes."

Many elements

"I think it was a very good idea to present the programme in two different ways – one for policy users and the other for statisticians – because it provides an overall view but also detailed information. Indeed, the variety of information means there's something for everyone."

The negative response to the programme has been that it is too weighty. But **Siune** thinks the amount of information included in the programme meant this response was almost to be expected.

"Of course, everyone has his or her own priorities of what is and isn't important – but there has to be a cut-off and some priorities made. It's true the programme can't be a neat little package because there are so many elements to be included. Some who have seen the document have said 'Oh *that* much!' because there's the problem of responding to all the issues raised. In fact, that was one of *our* final comments: that the burden on respondents be kept to a minimum.

"Being aware of the responsibility on data providers is of course one side of the coin; the other is to make sure that user needs are satisfied. Of course, it's no easy task drawing up the programme



because there is always going to be a conflict of interests between those working to provide information and those on the receiving end.

"It may be costly to implement the programme and Community resources are limited. We think the Commission, the Council and the Parliament should put money aside for the Programme because it really would be well worth it.

"We don't want rumours; we want the facts – and to be able to rely on statistics. Problems arise when statistics are limited since there's the potential to cause serious damage – just through lack of information.

"One area the programme concentrates on is enlargement. CEIES felt this was important because we need to be able to make comparisons with potential Member States. Lack of statistics could be very detrimental to the enlargement process."

Despite concern about financial constraints, **Siune** was "very pleased to see the legal background to the programme because it makes a very useful reference point and a legal basis for new statistical

requirements. Sometimes a company asks if it is really necessary to provide me with data. Now the programme includes a legal basis it makes it much easier to show them that they are obliged to do so."

In commenting on the three areas of the Statistical Programme, **Siune** reflects that each one has a very important part to play.

"EU enlargement is a big step and statistics go hand in hand with this way forward. There's general agreement among CEIES members that enlargement has to be included so that we can all prepare for the new Member States.

"Competitiveness and employment are an ongoing issue. I would say it's nothing new and we need to work on both, as well as on growth.

"Employment is something CEIES has been very concerned about. We hold regular seminars on current topics, the majority of which have been related to employment issues rather than economic ones.

"It's a recurring problem that southern Europeans have a

different way of defining unemployment compared with northern Europeans. The CEIES seminars are an ideal way of holding open discussions of such issues, the results of which are published in a special CEIES series. For example, at one of our seminars in London in May 1997, one outcome was agreeing that labour costs, wages and net earnings cover social as well as economic policies."

EMU's inclusion essential

Siune agrees it was essential to include EMU in the programme. "With introduction of the euro, there maybe some hiccups at the beginning but I predict things will run much more smoothly in the long-run.

"Conditions in monetary union will have to be controlled by statistics. Importantly, the social dimension must not be forgotten although we are very concerned about the statistics in the economic sphere. Indeed, social statistics are absolutely essential to European integration."

It is the combination of statistical users together with producers and data providers that gives CEIES its *raison d'être*. Indeed, the group's focus on statistics both in a social and economic context requires a committee with a broad membership if it is to function effectively. While the group's role is only as an adviser to Eurostat, it is a fundamental part of the economic and political infrastructure that helps the continued development of the Community.

For his latest profile of a national statistical institute, *Sigma's* JOHN WRIGHT went to Luxembourg to talk to ROBERT WEIDES, Director of Statec – *Service Central de la Statistique et des Etudes Economiques*. As he discovered, in this tiny country the statistical office might only be the size of one division in most other NSIs but the challenges are considerable – and some of them intriguing, such as being...

In & out of EMU AT THE SAME TIME

How can Luxembourg's membership of EMU lead to its leaving EMU – and why are statistics involved?

Before I talk to **Robert Weides** I am unaware of the question, never mind the answer. But more on this a little later...

'Small is beautiful' is a phrase that could have been invented for the Grand Duchy. Small it most certainly is – the size of a small region in some other EU Member States.

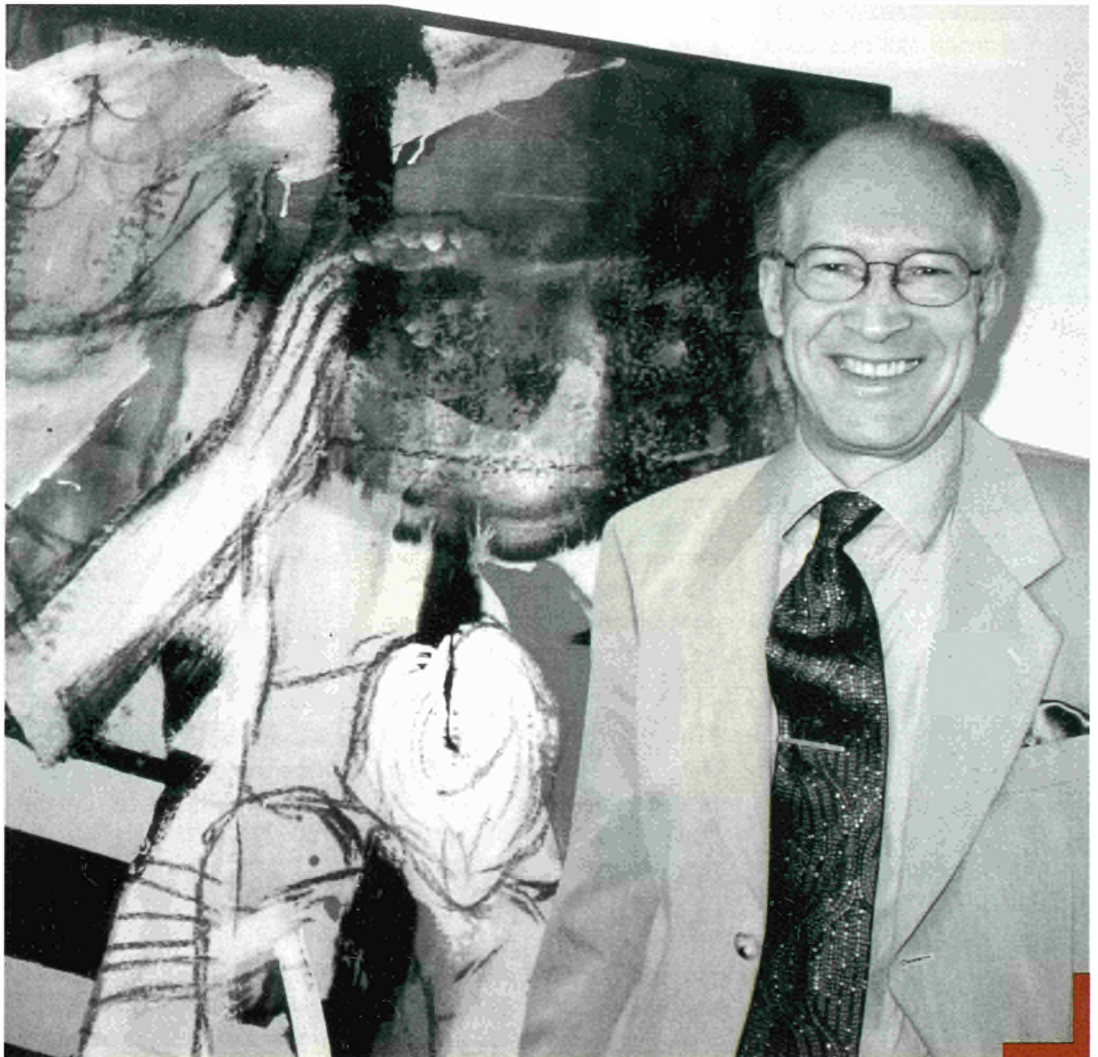
Scenically it is a delight. It is set right in the heart of Community, both geographically and by virtue of the presence of major European institutions, including, of course, Eurostat. And its residents enjoy a standard of living unmatched almost anywhere else.

So, small yes, insignificant no. After all the President of the Commission is a Luxembourger!

Small yes, insignificant no: the same could be said of Statec. Says **Weides**: "I have 90 staff of whom 12 are professional statisticians. That means three or four for national accounts and two for balance of payments. All staff undertake basic surveys in the field."

But this small team plays a key role in the government of Luxembourg, and faces a far from small workload.

But before looking at this, let's consider those ins and outs of EMU...



Robert Weides in his office against one of the first pictures by Marie-Paule Feiereisen, a young Luxembourgish artist now living in Paris. He says: "I have been here for 30 years, Director for eight. I have a degree in law and economics from the University of Paris and started off as a lawyer, then I joined Statec. I was involved first in statistical surveys, but, for most of the time, I have worked more on short-term analysis and forecasting and as an economic policy adviser to the Ministry of Economic Affairs."

Luxembourg has had economic and monetary union with neighbouring Belgium for 76 years. Their interchangeable currencies – Luxembourg francs and Belgium francs – are some indication of how the euro will

work in practice. This is the union the euro union will end.

Weides says: "With introduction of the euro, our big challenge is the disappearance of this union with Belgium and the

establishment of our own national external accounts.

"Although we have our own current account, we don't have fully-fledged balance of payments – quite a handicap for a

SMALL BUT BUSY

major financial centre. The Belgium National Bank is responsible for establishing the balance.

"The IMF tells us there are gaps in our BoP statistics, in particular no separate capital and financial accounts data as these are compiled at the level of Belgium/Luxembourg. So this must change rapidly. All the present survey systems are based on the union, with external trade statistics based on union rather than national borders. Bilateral trade with Belgium has never really been monitored.

"One problem is confidentiality. Separating Luxembourg from Belgium in trade statistics will make it much easier to identify individual trading partners and their transactions. Some businesses don't like this very much – they're not accustomed to seeing their data so clearly in the open.

"Anyway, we must strive towards a complete system of our own individual external accounts by the year 2001. Of course, a lot of this could be nugatory as, in the fourth phase of the euro, there may

Statec distributes data annually as follows:

- ▶ 12 series of publications
- ▶ 100 titles available
- ▶ 7 million pages printed
- ▶ 60-100 press releases
- ▶ 1,200 subscribers
- ▶ 5,000 booklets sold
- ▶ 20,000 calls
- ▶ Over 2,000 letters and 7,000 faxes
- ▶ Over 1,000 visitors
- ▶ More than 1,000 e-mail requests in first six months of 1998

be no need for national information on such topics."

An explosion of demand

EMU is but the latest challenge Weides has seen in his 30 years at Statec...

"Statec has changed as the European Statistical System (ESS) has changed. Our development has been driven by European integration since 1958.

"The European Statistical Programme now forms 90% of our activity.



Luxembourg is tiny compared with the other Member States. It is only 82 km from north to south and 57 km east to west – 2,586 sq km in all. Over 90% of its area is agricultural or wooded with the Ardennes Mountains in the north.

Official designation:	Grand Duchy of Luxembourg
Form of government:	Representative democracy in the form of a constitutional monarchy
Chief of State:	HRH Grand Duke Jean
Head of government:	Jean-Claude Juncker, Prime Minister
National language:	Luxembourgish (lëtzebuergesch)
Administrative languages:	French, German, Luxembourgish
Currency:	Luxembourg Franc
Capital:	Luxembourg
Administrative divisions:	3 districts (Luxembourg, Diekirch, Grevenmacher) 12 cantons, 118 municipalities

Statistics for everybody

Not every statistical office can boast a statistic that glues most of the population to the radio just after it's released. Statec can. The statistic is inflation.

Weides explains: "It's the only indicator for which we really have a pre-set date. We have a Control Commission and after its monthly meeting we issue the data and it goes out on radio and television."

And the reason for the excitement throughout the Grand Duchy's 118 municipalities?

"It's because of our indexation of wages and salaries. This has been on a general basis for 25 years but dates back to the beginning of the century in some sectors and is a very strong tradition. It results in tight fiscal policy by Government and keen interest by the social partners – businesses and trade unions – as well as the workers.

"Each increase of 2.5 points in the reference index leads to an increase in wages by the

same percentage, paid when it occurs. As we now have inflation below 1.5% a year, pays rises are not every year – there might even be a two-year interval between.

"It's not just in the public sector but applies to all wages in all sectors and to social security benefits etc."

So one statistics everyone understands?

"I wouldn't say that but everybody's keen to hear it – for obvious reasons."



I ask if Statec occupies an influential position in Luxembourg's government?

"I would say so. In our founding law we have firm principles about our sole responsibility for surveys of general interest. We also have the principle of centralisation, so, although we collect most data ourselves, we collect a great deal through other government bodies and communes etc.

"It is also our mission to harmonize and impose standards of collection and classification. Nowadays, of course, this is all about European standards and classifications.

"Furthermore, the fact that we produce short-term economic analyses and forecasts gives us the role of economic adviser to the Government. We are represented in all important, even international, committees like the European Economic Policy Committee in Brussels. And we host all the international organisations that come to analyse the Luxembourg economy, such as the IMF or OECD."

Full autonomy

Always the tricky question – how independent is Statec?

"Our law puts us under the authority of the Minister of the Economy but does not formally establish our statistical independence. Nevertheless, as long as I can remember, Statec has functioned with full autonomy.

"As stressed previously, the work programme is fixed mostly by European legal acts and implemented by me

Giving something back

Statec has been developing a service of tailor-made statistics. It charges but, says Weides, this "is not an important issue.

"We consider this activity as mainly a public service for businesses, which, of course, are respondents. We're a small-scale economy with no possibility, as in bigger countries, of conducting small-sample surveys. Most of our surveys are complete surveys of all businesses. So our clients are also providers of data and we can't charge very much for information that comes from them in the first place.

"So, as the statistical response burden is quite heavy now, we see tailor-made statistics as giving something back."

as Director. We decide the services to be performed. Our publications are issued without any request whatsoever for Government approval. So in practice we have full independence – even in matters that are not purely statistical, such as analyses of short-term economic development and forecasts, which might be very sensitive politically. Of course, we do inform the Government before sending our publications to the press, so they don't hear the news from the press."

Statec's most important short-term indicators?

"Inflation, GDP – and, most of all, data on the labour market."

Issued by press release?

"Yes. We have a system that compares with Eurostat's news releases. And every week we issue *Statnews* in which we elaborate on the latest statistics and present a short abstract of new publications, and so on. We also issue specialised short-term monthly indicators and we have a quarterly publication that twice a year gives economic forecasts for the next one or two years."

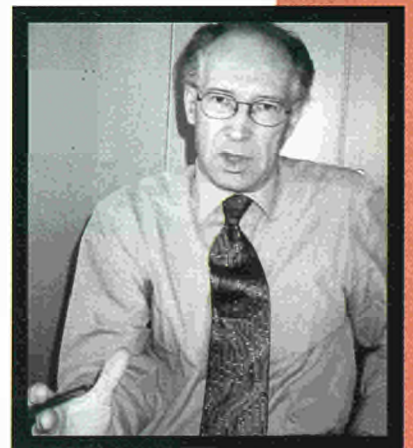
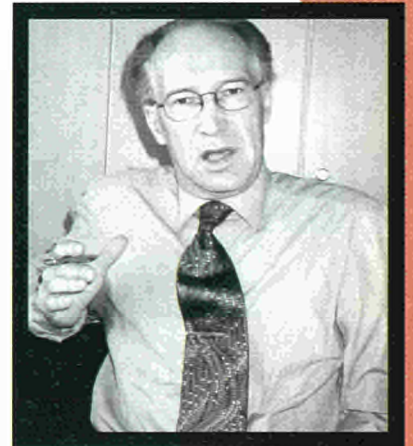
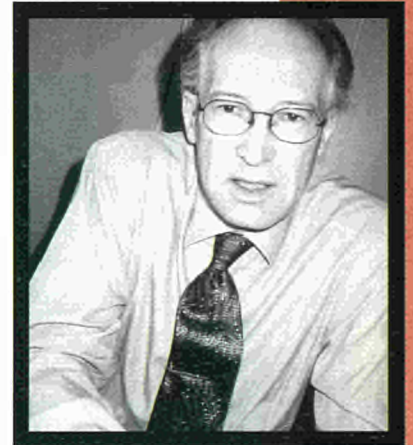
Cross-border commuting

Recently, says **Weides**, there has been a particular focus on unemployment data; at around 3.5% – a third of the EU average rate – this has long been the envy of other Member States.

He says: "It's most disturbing because, for the last 10 years, we've had very regular growth rate of GDP and employment, but 75% of new jobs have been filled by cross-border commuters – mostly from France, Germany, and Belgium. This is very unsatisfactory for our trade unions. They would like a better score on employment for Luxembourg residents.

"There's no question of discrimination. The problem is that we must accept that the Luxembourg labour market is not a national but a trans-border one; that for every three jobs there are 10 applicants – two Luxembourgers and eight foreigners. The best gets the job."

About a third of the Grand Duchy's 420,000 residents



BANKING ON SUCCESS

In 1997 Luxembourg banks – famed for their 'offshore' discretion – netted a profit of 76.5 billion Luxembourg francs after taxes. Countries of origin of the 215 banking firms were:

Luxembourg/Belgium	27
Germany	67
France	17
Italy	21
Switzerland	16
Scandinavia	11
USA	8
Japan	9
Other countries	39

are foreigners. Over 50,000 of these non-Luxembourgers are Portuguese and nearly 20,000 Italian – the product of many years of immigration. Many others are there because of the substantial banking sector – over 200 banks employing around

20,000 people – and, of course, the European institutions on the Kirchberg plateau, just outside Luxembourg city.

Does this, I want to know, have a distorting effect on Luxembourg statistics?

Weides: "The international activity in banking, services and industry, with considerable ownership by multinationals – for instance, in the case of banking – does lead to an important exaggeration of GDP per head of population. You have to consider that this GDP is being established with 30% of the workforce coming from neighbouring countries plus foreign people working and living in Luxembourg. But the actual figure for GDP per head [which puts Luxembourg way ahead of every other Member State and even the USA] is

arrived at by dividing total GDP by the resident population – Luxembourg and foreign.

"Most of the value-added is in the service sector, much of which is in foreign ownership, so if the factor income is not sent to the country of origin it remains to boost our GNP and hence our individual 'wealth'. We're not too keen on being at the top of this league table."

You say 'We' – who's 'we'?

"Mostly the Government which has problems explaining to civil servants and those in receipt of social security etc that Luxembourg is not as 'rich' as the figures suggest. It has made it difficult to explain to people why economic and social policy in the last few years has had to become more restrictive; and that the present economic performance might not be perma-

Luxembourg continued as a world-beater in terms of GDP per head in PPS. In current prices its figure went from 30,999 PPS in 1996 to 32,885 last year, against a 1997 EU average of 19,287.

The US weighed in with 29,045 PPS and Japan with 22,559. Switzerland had 24,839 and G7 24,177.

Within the EU, Denmark was second highest with 23,673 PPS, followed by Belgium (21,787) and Austria (21,217).

Eurostat news release. A league table Luxembourg is not too keen on.

.....
nent – that there's no guarantee it will remain this way."

Nevertheless, I say, you have a range of prosperity



HISTORICAL NOTE

"Due to Luxembourg's size, statistics were slow to start up", says Weides "The first official statistical office was founded only at the beginning of this century, later than most other countries.

"Statec, as it is now, began in 1962 – a merger of the former official statistical office and the *Service des Etudes Economiques*, the government's economic analysis service. Since 1962 we've had a twofold mission: collecting and compiling statistics and economic analysis and forecasting.

"That's more or less the history of Luxembourg statistics!

"It's also worth noting that statistics in a small economy are relatively costly, so I think statistical costs per inhabitant are more expensive in Luxembourg than in most countries."

Their own language

Luxembourg, of course, has its own language – Luxembourgish. What is its role?

Explains Weides: "Recently we passed a law establishing it as the official language. Before World War II we had two official languages – German and French. After the war, German was suppressed and only French remained. For example, in the Parliament most then spoke French.

"Nowadays even our Prime Minister gives his most important speech of the year – on the 'state of the nation' – in Luxembourgish. That's quite a

problem for all the foreign ambassadors sitting there listening to him!

"Luxembourgish is basically German. Of course, there are a lot of French words but it's basically German-Moselle-Frankish in origin."

Although colleagues in Stateg converse in Luxembourgish none of their publications appears in the language. This is the way Luxembourgers live and reflects, on the one hand, their individuality and, on the other, their international outlook. Even by new European standards, the facility with

which they slip effortlessly from Luxembourgish to French to German to English is often amazing.

Weides: "We have a Luxembourgish dictionary, a grammar, a lot of literature, but no daily paper in Luxembourgish. There might be some newspaper letters in the language, but that's all."

And so most Stateg publications are in French, occasionally in German or English.

But, very clearly, Luxembourgish is a key element of national identity.

In 1995/96 there were nearly 3,000 Luxembourg students at foreign universities. Around 1,000 were in Belgium and 700 in France.

.....

good incentive for entrepreneurial courage."

So in many ways you might be too comfortable for your own good?

"Yes. Another problem is training – for example, we have no university. And I think there are other shortcomings in our educational system, not only at university level but even before. This due partly to our cosmopolitan population. We have to learn French very rapidly but our teaching is mainly in German and this gives some or most of our immigrants very big problems."

Enthusiastic European statisticians

Stateg, of course, is unique in being a stone's throw away from the European institutions and, in particular, Eurostat. Does this make for a special relationship?

Weides: "I wouldn't say a special relationship but I must admit there's very satisfactory cooperation with Eurostat, due partly to its proximity. I must say that for coordination during the Luxembourg Presidency in 1997 it was a big advantage to have a lot of the consultation here in Luxembourg."

Does Stateg see itself as a particularly European institution? After all this is the birthplace of the Commu-

.....

indicators that most other Member States can only dream of...

"Yes – we qualified for the euro without any problem: no debt to mention, a budgetary surplus, low inflation..."

Clouds on the horizon?

You say this might not be permanent. Do the data indicate clouds on the horizon?

Weides: "That's a very difficult question. I think we're actually doing short and medium term forecasts that are based on some technical assumptions that refer to the

past. We have lived with and have seen in the last 25 years some very important restructuring of the Luxembourg economy. We have gone from an economy dominated by industry to one dominated by the service sector.

"Actually, if you look carefully, there's a lot of diversification in services which even though it goes unnoticed might be a favourable factor – not being too dependent on the development of international financial markets.

"And there's even actually an interesting development in traditional industries like steel. This has had good results for a number of years with an international policy of expansion. So it ranges among the first if not the first of European steel industries."

But clearly future prosperity rests heavily on the service sector. Apart from banking which services are flourishing?

"It's very difficult to explain. Even we don't know much about them because they are all more or less on the periphery of the financial sector or the audio-visual sector. And we have a very important 'other services' sector – from health services to traditional services that have been contracted out by firms: security, accounting, financial advice etc.

"Then there are pension funds, insurance services – relatively new branches that are currently doing well, not because we have a protective environment but because, in some branches, we were the first to implement new European legislation. That was particularly the case for insurance and re-insurance and investment business."

Does all this, I ask Weides, mean Luxembourgers are particularly entrepreneurial?

"That's the big problem, I think. Our standard of living has been so high for so many years and this is not a very

SERVICES UP, STEEL DOWN

Share of gross value-added at market prices in Luxembourg

	1980	1996
Steel industry	11.1%	1.8%
Market services	49.8%	64.7%

.....

"Maybe. I think we've always been enthusiastic about *European* statistics. The fact is we have no national interest to defend, no national classifications or nomenclatures etc. As we had not developed national standards, we were able to cooperate fully in adopting international standards right from the beginning.

"Given the size of our country and of Statec we could not have developed all this expertise on our own. We lean very heavily on Eurostat's expertise and on the harmonized developments of European statistics."

Weides offers another pointer to Statec's EU 'credentials'. "You could say we're a real EU player and leader as far as trans-border statistics in the

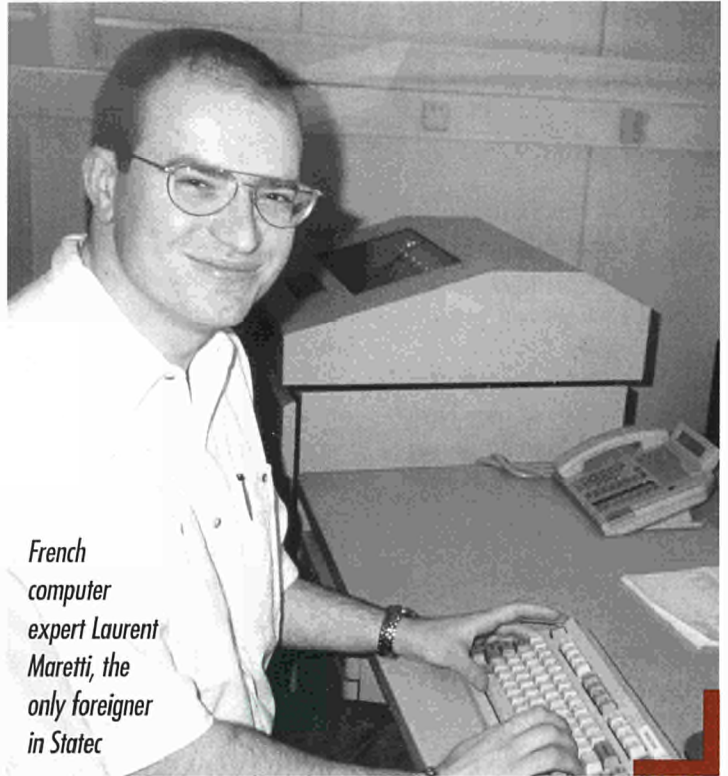
grande région are concerned. Within the Saar-Lorraine-Luxembourg-Trier/Western Palatinate-Wallonia Euro-region we have very intensive statistical cooperation in harmonizing economic and social data, with joint publications, a joint Internet site and common databases etc.

"As the only independent state in this region, we are much more autonomous in taking initiatives, and play a leading role."

Good learners

So, I want to know, does Statec consider itself a particularly advanced NSI?

Weides is modest. "We're not *particularly* good at anything but we try to cope with all the ambitious demands



French computer expert Laurent Maretti, the only foreigner in Statec

placed on us within the framework of the ESS and by international bodies. We *are* an independent state; we *are* a full member of the IMF, OECD, the UN and so on – and we have to cope with all these demands, which are not always exactly the same. So we really couldn't develop any particular specialisation. But we are good learners!"

Finally...

As we have ranged widely, I ask **Weides** to sum up the challenges Statec faces.

"I think our biggest concern is the European Statistical Programme, which is very ambitious and designed for medium-sized or even big countries. So my guiding principle is to try to have a statistical information system good enough to enable us to remain a full member of the statistical Community.

"This is not so easy given that we have only 0.2% of EU

GDP, even if it is very high *per capita*. This means we have quite a heavy responsibility in safeguarding Luxembourg's status as a full Member State. The fact that we are a full member of the IMF and other international bodies imposes an additional burden in meeting their standards."

Clearly, heading the statistical office of the EU's smallest country is a big job. Weides relaxes from the broader canvas through his interest in literature, art and sculpture. And, yes, he does paint himself. But unlike his statistical output, which commands international attention, his artistic efforts are strictly under wraps. "I never show", he says.

"It's just for my own pleasure and to work away some of the stress of the job."



Guy Zacharias, responsible for dissemination

Eurostat decisions on key accounting issues to ensure better comparability for the deficit and debt procedure received a lot of publicity – a sign of the importance of this topic. At a conference devoted to debt management in central and eastern European Countries, DIETER GLATZEL, head of the Eurostat unit responsible for statistics for the excessive deficit procedure, reflected on the whole process. Here is a summary of his talk...

QUESTIONS of DEBT & DEFICIT

In very simple terms, measurement of deficit quite often comes down to the question: is this a financial transaction – which means an exchange of one financial asset against another – or is it a non-financial transaction?

If the latter, then the deficit will be affected. But if it is a financial transaction it has no influence on the deficit.

For those unfamiliar with national accounts it is quite difficult to understand this split between financial and non-financial and the mechanics of the balancing items. A second line of reasoning is: what is the economic nature of the unit and does it belong to the general government sector? And finally, what is the value of the outstanding debt?

The Treaty on European Union stipulates in Article 104c that "Member States shall avoid excessive government deficits (para 1) and that the 'Commission shall monitor the development of the budgetary situation and of the stock of government deficits in the Member States with a view to identifying gross errors' (para 2).

The Protocol on the excessive deficit procedure, which lays down the details of the procedure referred to in Article

104c, states in Article 4 that "the statistical data to be used for the application of this Protocol shall be provided by the Commission".

Eurostat has established the necessary institutional structures and procedures to provide Commission services and Council with the most comparable statistics for the convergence criteria and excessive deficit procedure.

It is important to note that Eurostat, although a Directorate-General of the Commission, is independent in its technical work, and takes technical decisions on statistical methods with full scientific independence.

'Real world' complexity

Council Regulation (EC) No 3605/93 on application of the Protocol on excessive deficit procedure foresees Member States presenting their government deficits in accordance with *ESA 2nd edition manual on national accounts*. This manual dates from the end of the seventies, so is now ill-suited to describe economic and financial transactions that have appeared since.

And often 'real world' transactions are quite complex – not

always easy to interpret within the ESA methodological framework. So, in some cases, extensive interpretation of relevant ESA paragraphs was necessary to arrive at economically satisfactory results for the classification of transactions.

As can be seen, there were no ready-made recipes for measurement of general government debt.

New ESA, more clarity

ESA 2nd edition – the basis for Regulation 3605/93 – was recently revised by Eurostat. The new version (ESA 95) has been the subject of a Council Regulation. But the latter will not come into force before the year 2000 for the purpose of excessive deficit procedure.

There are some important new features in the revised ESA with implications for calculation of debt and deficit by Member States. The key one is the general rule that all transactions must be recorded on an accruals' basis. This means they have to be entered in the system as they occur – not when due for payment or effectively paid. This has impact on the recording of interest paid, which will be treated more in line with current accounting practices of banks.

Several Eurostat decisions, notably on interest paid, would have been unnecessary if the new system had been in force when the Maastricht Treaty was ratified. Same applies to taxes and social contributions, which also have to be recorded in the new system on an accruals' basis, whereas *ESA 2nd edition* is more flexible on this point.

This could mean that in future the distribution over time of taxes and social contributions will look different compared to

recording under the current ESA.

Another area where the new ESA will bring more clarity is delimitation of the general government sector in the sense that certain units (enterprises), now by definition *inside* this sector, will be *outside* if the majority of their revenues are derived from the sale of market production.

For the sake of the comparability of deficit and debt statistics, Eurostat, over the last three years, has consulted each Member State to ensure that economic and financial transac-

How to measure debt

The Protocol to the Treaty on excessive deficit procedure stipulated that debt had to be measured

"as total gross debt at nominal value outstanding at the end of the year and consolidated within the sectors of general government" (Article 2, 4th indent).

Starting from definition of general government debt in the Protocol, the authors of Regulation 3605/93 – adopted by the Council after intensive discussion in Eurostat and Council working parties – simply enumerated the instruments that fall under the heading of general government debt. General government debt is defined as the sum of:

- ▶ currency and deposits
- ▶ bills and short-term bonds
- ▶ long-term bonds, and
- ▶ other short-term loans, medium- and long-term loans.

Decisions affecting the calculation of deficit

- ▶ France Télécom
- ▶ Treatment of receipts from indirect privatisation: Belgium
- ▶ Legal decision with a retroactive effect: Ireland
- ▶ Treatment of transactions in financial leasing: case raised by Belgian authorities
- ▶ Capitalised interest on deposits and other financial instruments covered by ESA 79
- ▶ Treatment of interest in the case of zero coupon bonds
- ▶ Linear bonds
- ▶ Sales of gold by Central Banks
- ▶ Financing and exploitation of public infrastructures by the enterprise sector (cases in several countries, for example Oresundbridge)
- ▶ Treatment of export insurance guaranteed by the state
- ▶ Treatment of certain taxes (Italian 'Eurotax')

Decisions affecting the level of debt

- ▶ Debt assumption by Greek General Government
- ▶ Debt assumed from the German Treuhandanstalt
- ▶ State guarantees on public enterprise debt (Italian Railway)
- ▶ Currency SWAPS

For more details on the decisions itself, see Eurostat news releases 10/97, 16/97, 24/97, 33/97, 88/97, 05/98, 82/98 (available on the Internet – <http://europa.eu.int/eurostat.html>)

tions that are not clearly described in *ESA 2nd edition* are classified the same throughout the EU.

First stage of the decision process consists of auditing the debt and deficit statistics notified twice a year by Member States. Each Member State is visited at least once a year by a delegation led by Eurostat including, as observers, the Commission's DG II and the European Central Bank (ECB).

A report agreed by the Member State and Eurostat summarises the findings and highlights problems. Some of the latter are general enough to be treated through consultations on methodology. Other issues are dealt with by the Member State and Eurostat in close association with DG II and ECB.

Methodological consultation is prepared by a task force and submitted for discussion by the national accounts working party (NAWP) and the financial accounts working party (FAWP). Eurostat also consults the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB).

When the working parties have adopted a common position, CMFB normally endorses the conclusions reached. Where the experts are unable to agree, CMFB gives its opinion by following its rules of procedure. This opinion is advisory but Eurostat takes the utmost account of it when deciding on methods for the classification of a given transaction.

This decision-making process makes it possible to adopt principles on accounting methods and fill in the grey areas of interpretation left by *ESA 2nd edition*.

Once Eurostat has reached a decision, similar accounting transactions in all Member

States have to be processed in accordance with it. Eurostat prepares a methodological note for each type of decision and sends it to the institutions concerned.

Deficit v debt

Decisions can be grouped into those that affect deficit and those that affect debt. But, in some cases, both are influenced by the same decision. As can be seen in the panel (*left*), Eurostat was more often confronted with problems on the measurement of deficit than that of debt. Among decisions on deficit, the *France Télécom* case became a *cause célèbre*.

As can also be seen in the panel, decisions on interest payments play quite a prominent role. This is due to the fact that *ESA 2nd edition* is not clear enough on treatment of interest. Zero coupon bonds, linear bonds or deep-discounted bonds are not treated in *ESA 2nd edition*. So Eurostat had to fill the gap by interpreting *ESA 2nd edition* in the light of the new *ESA 95*, which does give clear guidance.

There are also some decisions taken after bilateral consultations with Member States. These include classification of transactions with SECURUM, a company that can be created by the state in connection with a debt crisis, as has been the case in Austria, and ASFINAG, the Austrian operator of highways and high-speed roads. In such cases Eurostat could rely on 'jurisdiction' in similar cases in other Member States.

Candidate Countries

A word about fiscal convergence criteria for the 11 Candidate Countries, no distinction being made by Eurostat for those that begin their negotiations earlier than others.

Eurostat started work on introduction of methodology for measurement of deficit and debt a few years ago. A first workshop was organised in 1994 in Poland, a second in Prague a year later.

Problems identified at that stage are mainly those of delimitation of general government and connected with privatisation in these countries.

In addition, a starting point for production of comparable statistics of deficit and debt are government financial statistics compiled by these countries for the International Monetary Fund. These are based on IMF government finance methodology (GFS) and sent to the IMF statistics department for publication in the *Government finance yearbook*.

These data cover various sub-sectors of general government, including central government budget, extra-budgetary funds, social security and local authorities. Even though GFS methodology differs from that of *ESA 95*, the two contain many common elements. In particular, GFS 'below-the-line' accounts and debt statistics by type of financial instrument and creditor can be used as one building-block for compilation of government sector financial accounts.

And, because Ministry of Finance statisticians are generally familiar with detailed government accounts, their expertise is essential for production of national accounts based government sector statistics. In future – as revised GFS methodology will be consistent with SNA and therefore with *ESA 95* – the need for close cooperation between finance ministries and statistical institutes will tend to improve the deficit and debt statistics in these countries, as defined in the Maastricht Treaty.

Not many in Europe know about WAEMU: the West African Economic and Monetary Union. But there's no doubt it is the one region in the world where objectives, institutions and structures are closest to those of the EU.

As part of its policy of cooperation with African, Caribbean and Pacific (ACP) countries, the European Commission provides considerable help for statistical harmonization in WAEMU. And Eurostat enjoys a special relationship with the WAEMU Commission.

The Treaty establishing WAEMU was signed on 10 January 1994. This was the same time as the decision to devalue the CFA franc – the region's common currency linked to the French franc. WAEMU comprises Benin, Burkina Faso, the Ivory Coast, Guinea Bissau, Mali, Niger, Senegal and Togo.

Its main objectives are:

- ▶ creation of a common market based on free movement of people, goods, services and capital
- ▶ convergence of macroeconomic policies and performance, and
- ▶ introduction and coordination of sectoral policies.

It is obvious that, while the aim is the same as that of the EU, the path to economic and monetary union is different. Starting from monetary union created in 1962, WAEMU emerged in 1994 with economic union as its goal.

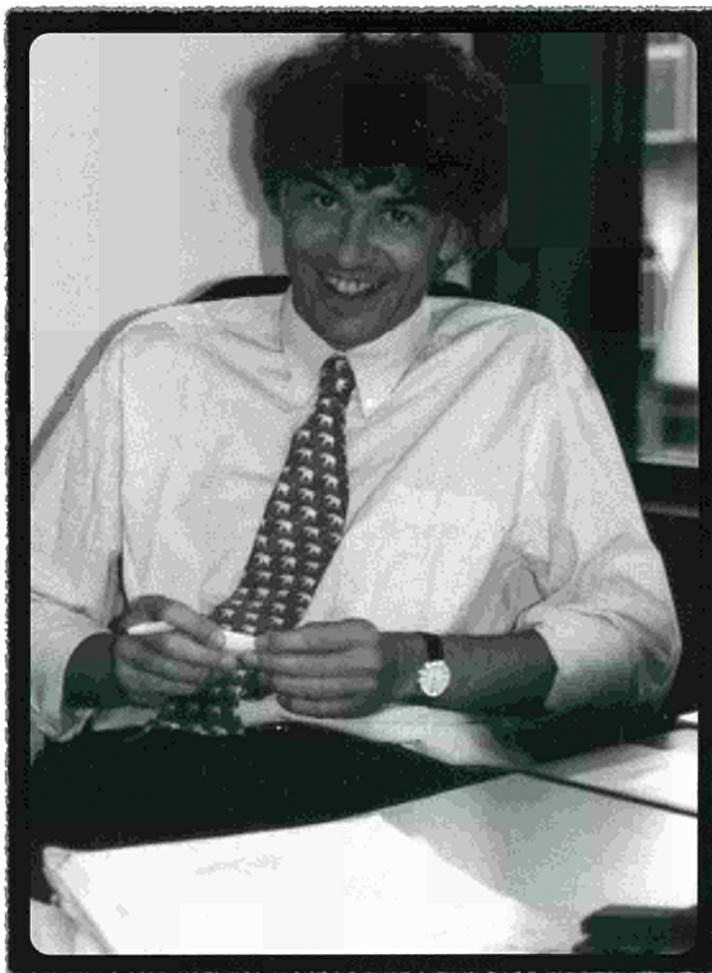
But also a world apart

At institutional level, WAEMU is run by the Conference of Heads of State, the Council of Ministers and the WAEMU

Technical assistance for non-EU countries is a key Eurostat objective.

The talk is often of Mediterranean or central European countries. But in this article Eurostat's PHILIPPE BAUTIER describes help to a very different part of the world.

Statistics out of AFRICA



and harmonized statistics, so that the programme for economic convergence of WAEMU countries could be introduced and monitored. For this reason statistics play a prominent role in the range of cooperation offered by the EU.

A consumer price index emerged as a priority among economic statistics requiring harmonization in response to needs expressed by the WAEMU Commission. The 1994 devaluation of the CFA franc underlined the limitations of national indices in providing an accurate picture of price trends at times of high inflation. So efforts to harmonize price indices were a response both to national desires for greater reliability and regional hopes for more comparability.

Compilation of the harmonized consumer price index (HCPI) involved a variety of bodies from both Africa and Europe. On the African side, the WAEMU Commission, the Central Bank of West African States and national statistical institutes of WAEMU countries were directly involved. To ensure success, the European Commission and France provided technical and financial help as a cooperation project with three key objectives:

- ▶ to define and adopt methodology for calculating the HCPI
- ▶ a survey of household spending in each WAEMU capital

Commission. The role of the latter, based in Ouagadougou, Burkina Faso, is similar to that of the European Commission. WAEMU also has a Court of Justice, Court of Auditors and Parliament.

What WAEMU and EU have in common is not the whole story, of course. WAEMU is one-and-a-half-times bigger than the EU but with a sixth of the population. EU GDP per person is over 50 times higher than in WAEMU. This means human and financial resources employed to achieve economic

and monetary union cannot compare. Just one example: the WAEMU Commission has only about 50 senior officials.

In these circumstances, it was only natural that the European Commission would develop a special relationship with the WAEMU Commission and offer it the benefits of its experience of economic integration, in addition to financial support.

WAEMU officials had to sort out a large range of requirements. But they quickly highlighted the need for reliable

to obtain new weightings reflecting changed consumption patterns following devaluation of the CFA franc, and

- to devise software for processing the HCPI.

A number of bodies provided support for the venture: Eurostat, the European Commission's DG VIII (Development), Eurocost, INSEE, Afristat (Economic and Statistical Observatory for Sub-Saharan Africa) and the French Ministry of Cooperation.

After three years of EU-WAEMU cooperation, all the objectives were achieved. As a result, in December 1997 the WAEMU Council of Ministers adopted a regulation stating that from 1 January 1998 the HCPI would replace national indices to become the official gauge of consumer price changes in WAEMU member countries. The regulation also stated that the HCPI must be transmitted to the WAEMU Commission by the 10th of each month.

To explain why the new harmonized index was introduced and how it was better than existing indices, media campaigns were organised throughout the WAEMU. Eurostat and the WAEMU Commission together organised a press conference in Abidjan, Ivory Coast, in February 1998, to mark official publication of the first HCPI figures. This served to inform the international news media covering economic events in Africa about the new development.

Harmonization of WAEMU price indices was successful at two levels...

On the statistical level, it resulted in regular compilation of

reliable and comparable price indices, which was, of course, the original aim. But it was also a successful exercise in cooperation, in view of the number of bodies involved on both African and European sides. European support also made it possible for WAEMU statisticians to meet, exchange experiences and work together. In this sense, it set an important example.

Analysis of work on harmonizing price indices carried out at EU level shows that, in terms of methodology, they have a common reference base in both the EU and WAEMU, cover the same consumer goods and services, and are based on the same nomenclature. In the two areas inflation can now be compared for around 100 expenditure categories.

But at present WAEMU has probably made more progress in harmonization. In order to update the index weightings, a household consumption survey was conducted in each country at the same time using the same questionnaire. And the harmonized index was compiled – from entering the monthly prices through to calculating the index – using the same software.

While EU Member States are still compiling national CPIs for their own purposes, such as indexing and wage negotiations, national indices in WAEMU have been dropped in favour of a single HCPI.

Incentive & impetus

Excellent results on the HCPI, together with the extent of need for harmonization in other areas, prompted the European Commission to expand its programme of sta-

tistical assistance to WAEMU. On the basis of convergence criteria adopted by the WAEMU Commission and member countries, an ambitious regional programme of support for statistical harmonization has been drawn up. In view of work already done in monetary and budgetary areas, the idea is to focus on harmonization of data on the real economy. The programme is called PARSTAT – an acronym based on the French title meaning regional support programme for statistics.

It covers national accounts, especially GDP harmonization, employment and contribution of the informal sector to GDP, the industrial production index and external trade.

Every WAEMU NSI will receive statistical support for each of these areas, the work being coordinated by Eurostat and the WAEMU Commission. Eurostat's job will be facilitated by a statistical cooperation office set up at the start of 1998. It operates as a branch of Eurostat attached to the European Commission delegation in Ouagadougou.

There are also plans to support the WAEMU Commission in preparing a brief report on regional economic trends. This will be distributed to interested parties in each WAEMU country.

And, alongside sectoral technical assistance to NSIs, PARSTAT is scheduled to help them at an institutional level. Aim is to improve performance in management, planning and dissemination, and to help them carry out more effectively their role of coordi-

nating national statistical systems.

Altogether, the European Commission has allocated 4.6 million ECU from the European Development Fund to finance the programme. Work started in May 1998.

In addition, Eurostat organised a seminar on statistical issues linked to introduction of economic and monetary union in Ouagadougou in January 1999

Aim was to offer WAEMU officials the benefit of Eurostat's experience in compiling the EU's convergence indicators. Eurostat outlined the solutions found in order to share statistical tasks and coordinate the various bodies involved – and also to solve problems of data harmonization, transmission and dissemination.

The seminar was attended by representatives of Eurostat Directorates B and C, the European Central Bank and the European Commission's DG VIII (Development). It was organised for officials of the WAEMU Commission and the Central Bank of West African States and for officials of NSIs and departments dealing with economic and financial matters throughout the WAEMU.

To sum up, statistical cooperation with the WAEMU Commission has expanded and diversified in the last three years. Undoubtedly this is linked to the WAEMU Commission as a motive force in outlining statistical requirements. In any statistical activity, a solid and clearly-defined need is a source of incentive and impetus. This is more than evident in the case of WAEMU.

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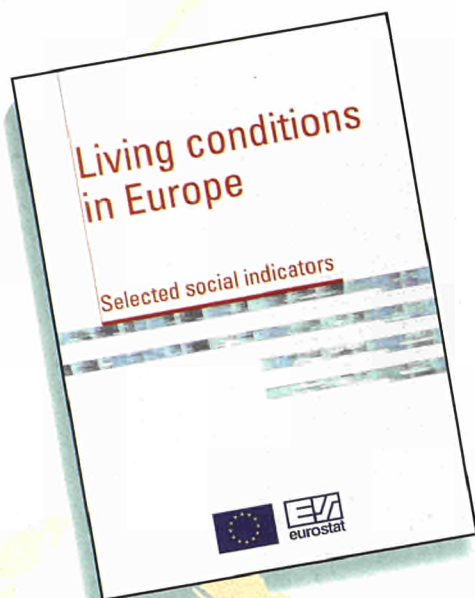
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