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Jan Carling reflects on Statistics Sweden. He is the Director-General. See our profile of SCB on page 38.

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Kamal Krishman, who works in the information office of SCB with an early Swiss calculator from SCB's historic collection.



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INTRASTAT - THE LESSONS LEARNED

BY YVES FRANCHET

The political decision to accelerate European integration and liberalise movement of goods, services, capital and people inside the EU has obliged statisticians to transform radically the way they collect certain data. Greater integration and liberalisation mean more movement, few controls and therefore a reduction in administrative documents from which to derive statistics of exchanges of trade.

In the solution arrived at, the statistician is guided by three principles:

- the statistics obtained must be of sufficient quality to answer users' needs.
- the burden on data suppliers must be minimal, particularly in the case of small and medium enterprises.
- the cost of collecting the data must be compatible with Member States' ability to pay.

The substitution of customs data collected by Member States by the Intrastat system of information on trade collected from the enterprises



themselves well illustrates the challenge of this type of operation. It has been particularly difficult for two reasons:

- customs statistics of trade among Member States had an excellent reputation.
- Intrastat had a close link with harmonisation of VAT - a difficult and political area - and statisticians had to adapt to the delays that resulted from this connection.

In particular, it was impossible to test the Intrastat system before the halt in the collection of intra-Community customs statistics.

As the articles in this issue of *Sigma* show, Intrastat is still affected by such problems.

Personally, I have some strong convictions on this project:

- it's never too early to start thinking about such a project - especially testing it. We must begin this process now in such areas as measurement of the balance of payments of Member States in Phase 3 of Monetary Union.
- countries with an administrative-based system for their intra-Community trade exchanges had fewer difficulties in introducing Intrastat than those without.
- users and suppliers of data must be involved sooner in the evaluation of the problems that have to be addressed.
- when such a new system is introduced, we must have efficient ways of informing users and suppliers, and encouraging them to participate.

Yves Franchet

Director-General, Eurostat

INTRASTAT: A MIXED RECORD FOR EUROSTAT

RESULTS ARE TOO SLOW IN BECOMING AVAILABLE AND ARE NOT RELIABLE ENOUGH

INTERVIEW WITH GILLES RAMBAUD-CHANOZ AND JÜRGEN HEIMANN

The primary objective of the Intrastat system was to provide high-quality and reliable up-to-date statistics on intra-Community trade in goods after the introduction of the internal market and the abolition of customs formalities at the borders between the Member States of the Union. Has this objective been attained?

In pre-Intrastat days most enterprises were often unaware that trade was covered by statistical declarations. The data were in fact collected from the customs authorities. With the abolition of customs declarations, the statistical system has been deprived of its traditional source of information. The only alternative: getting the statistics directly from enterprises.

As **Gilles Rambaud-Chanoz** points out: "The novelty of the system was direct collection from enterprises which have to provide the relevant national authorities with a monthly declaration detailing their trade in goods during the previous month.

"This collection is based on the establishment of a close link with the system of VAT returns for intra-Community trade. Since the tax authorities in the Member States are required to provide the statistical services at least every three months with a list of operators who have been involved in intra-Community trade, as well as the overall value of any transactions, it is possible to check the exhaustiveness and quality of the statistical data. France and Italy opted from the outset for a combined statistical and fiscal declaration.

"The Intrastat system was also designed to reduce the response burden on enterprises as much as possible. This involved the use of a system of thresholds. The result was either that about two-thirds of all operators were not in-

involved in any statistical formalities or that the amount of information to be supplied was cut.

"With similar aims in mind, the opportunity was taken of introducing the system to modernise the collection, transmission and processing of data thanks to a series of actions under the Edicom programme (electronic data interchange on commerce).

EASING THE BURDEN ON ENTERPRISES

"After three years of operation, Eurostat feels that the Intrastat system has a mixed record of performance. Indeed, the system cannot be considered fully operational throughout the Member States, and results at EU level are slow in becoming available and lack the requisite degree of reliability."

Jürgen Heimann puts a spin on the generally negative view at Community level, by pointing out: "This view does not, however, conflict with the



Gilles Rambaud-Chanoz (left), Head of Division for External and intra-Community trade, and Jürgen Heimann, principal administrator in charge of methodology.

much more optimistic judgment which can be given by most of the Member States on the operation of the system at national level.

"The fact is that the Community view tends to amalgamate all the shortcomings and hiccoughs detected at national level.

"As far as Eurostat is concerned, there has been a genuine easing of the burden on enterprises, in spite of the numerous and at times vocal reactions by enterprises or associations which seem to reveal a different opinion. This does not alter the fact that Eurostat is ready to push ahead in this area and make further proposals for streamlining procedures."

If enterprises complain about the extra cost, it has to be pointed out that the "free service" in the past was simply an illusion. As **Mr Rambaud-Chanoz** explains: "Before the internal market came about, the statistics as a by-product of customs declarations were usually compiled by whoever declared the goods for customs purposes, which meant that the service seemed to be free of charge as far as enterprises were concerned.

"The workload which is now imposed directly on enterprises is much more apparent, although much lighter than before, and is simply perceived differently.

BACKLOG REDUCED

"The main shortcomings revealed by the way in which the Intrastat system operates concern the availability and quality of data.

"Although the considerable backlogs which marked the system's first year of operation have been partly reduced, by September 1995 only half of the Member States had achieved an acceptable delivery rhythm matching that of the old system. Thanks to the recent improvements, the scheduled timetable for delivery of data to Eurostat by the three Member States which were lagging farthest behind (Ireland, Greece and Belgium) seems to indicate that within six months the situation will be more or less normal for the twelve Member States which have applied the system since the outset."

For the new Member States - Austria, Finland and Sweden - the difficulties which have emerged are similar to those encountered when the system was first introduced. According to **Mr Rambaud-Chanoz**, however: "There are fewer difficulties with regard to intra-Community statistics, but the difficulties are greater because of changes affecting extra-Community statistics as well. Consequently, it is hard to venture any date for the availability of some results."

HIGH NON-RESPONSE RATE

Where quality is concerned, Eurostat considers that there is not enough reliability and accuracy with regard to the data transmitted by the Member States. According to **Mr Heimann**: "The essential cause of our doubts lies in the size of the non-response rate for the enterprises surveyed. Although it has gone down in recent months, the rate is still high and for the Community as

a whole exceeds 10% of the enterprises that are supposed to provide information, representing 3-4% in value terms. However, the latest information we have, and the trend that can be seen, together seem to indicate that this is a chronic rate which is unlikely to go down significantly. Another factor is the loss of information because of statistical thresholds, although here the loss is less important.

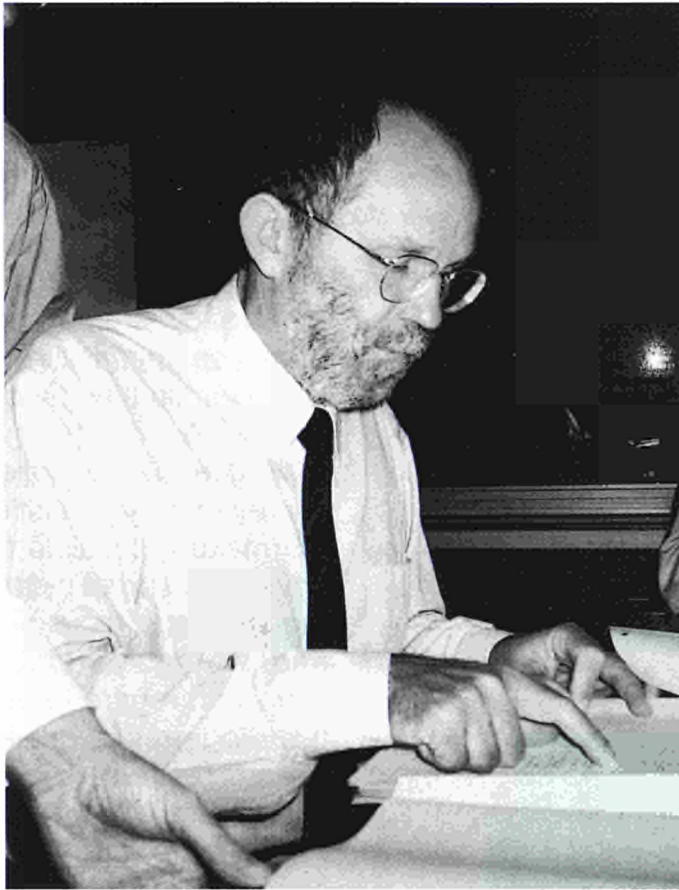
"This loss of quality because of incomplete coverage, while acceptable for general data, becomes more alarming in the case of the detailed data required for the most disaggregated precise level of the combined nomenclature.

"The effect is even greater in that, apart from the non-response aspect, there is also a problem of wrong data being transmitted, primarily because of incorrect coding of goods, and this too has a significant effect on results at a detailed level. Classification errors among the 10,000 headings are fairly numerous in fact."

Mr Rambaud-Chanoz comments: "The combination of these two aspects makes interpretation of data at this level very haphazard. You really have to ask yourself how you can justify to enterprises the collection of data at such a level of detail when the results lack sufficient quality to be used properly, or even to be published.

ADJUSTMENTS ONLY PART OF THE ANSWER

"In response to these difficulties the Member States made adjustments and corrections,



Gilles Rambaud-Chanoz: "We want to move to a better integration into business statistics."

the extent of which - up to 10 or 15% for some countries - illustrates the scale of the problems which emerged. These revisions provide only a partial remedy, however, since the adjustments affect only the overall results or those with a high level of aggregation.

"The Intrastat system records intra-Community movements of traded goods as both arrivals and dispatches. This means that the use of 'mirror' statistics - ie the comparison of dispatches from A to B with arrivals in B from A - makes it possible to calculate just how consistent the data are. Some of the discrepancies which are found are a direct result of the methodological concepts and definitions which are used in compiling trade statistics."

Jürgen Heimann comments: "It is a well known fact that the corresponding figures for international exports and imports do not match exactly. In the case of intra-Community trade, however, the causes for discrepancies ought to be less significant because of the common methodology, closer CIF/FOB assessment and less of a time lag because of geographical proximity. The extent of the differences in the Intrastat mirror statistics confirms the inadequate quality of the data and reveals a sizable under-evaluation of arrivals in relation to dispatches.

"A look at the data also highlights the break in the series on intra-Community trade which occurred when Intrastat was

introduced in 1993. Before then⁽¹⁾, the European Union's intra-Community imports were 2.7% higher than its exports, whereas now they are running at a lower level. On the basis of the corrected estimates supplied by the Member States, imports now seem to have settled at about 4% below exports.

"An initial analysis of the mirror statistics, which took a more detailed look at the trade in goods, revealed more worrying results. If the basic statistical results are considered (combined nomenclature code in conjunction with partner country), the discrepancies in three-quarters of the cases exceed 30%."

But as **Mr Rambaud-Chanoz** again points out: "Since this study when applied to pre-Intrastat annual data for 1992 produced similar results, it makes one wonder if there is any real chance of getting results which are adequately reliable and usable at this level of detail from either the Intrastat system or customs documents.

DIFFERENT SITUATIONS IN THE MEMBER STATES

"In reviewing the operation of Intrastat, we are bound to take account of the variety of situations in the different Member States. In this regard, the main question which arises is whether a close link between taxation and statistics improves data quality."

France and Italy have merged their tax and statistical declaration forms.

(1) See note on page 11



*Jean Mackintosh, secretary of Gilles Rambaud-Chanoz:
"Additional work in perspective?"*

The coverage is more complete and the data are available more speedily. This prompts **Mr Rambaud-Chanoz** to conclude: "Comparison with tax sources, when the two forms are not combined, provides a means of checking statistical declarations. This has revealed its limitations, especially on account of the differences between tax and statistical systems in terms of how ideas are understood and how certain trade is recorded in accounts. For some Member States the statistical figures are higher than the tax figures, whereas they are lower in other Member States. The gaps between the two figures for 1993 are nevertheless only around 5%, which means that the overall credibility of the results can be trusted.

FUTURE PROSPECTS

"Some thought must be given to how information requirements are going to evolve and to the need to maintain a link with an administrative system which is compatible with the constraints imposed by the new fiscal system. It will also be necessary to add to the cost/benefit analysis of how the current system operates.

"Current information needs seem massive, as borne out by the welter of requests from firms, federations, Commission directorates-general or national authorities. These requests mainly concern a detailed breakdown by code in the combined nomenclature."

Since it was being devised, the Intrastat system has had a provisional status because of the link with the fiscal system. Will this transition period end with the switch to the system of VAT payment in the country of origin? Will Intrastat 2 be ready in time to meet information needs with regard to intra-Community trade?

Mr Heimann replies: "The survey of trade statistics users will make it possible for us to have an accurate picture of the requirements, the expectations and the image which users have with regard to our statistics. In terms of quality, there are problems with the accuracy of results at this level of detail, as various analyses have shown. The difficulties and costs for those responsible for providing this statistical information are very high, and there are lots of errors in classification. This prompts the question as to whether the use of this nomenclature should be encouraged in the future."

The need to have a parallel approach to the Community's internal and external trade and the increase in the burden on firms which apparently results from the use of two different nomenclatures have not so far led to any proposal for a simplified classification more in line with the reliability of the results provided. What is going to happen in the future?

Mr Rambaud-Chanoz says: "In the long run, with monetary union on the horizon, the question arises as to whether this strict parallelism between internal and external trade will

always be justified, in as much as the very meaning of intra-Community trade will have changed. In future, the disappearance of national balances of payment, the upsurge in cross-border transactions, the sizable proportion of subcontracting deals and trading within firms at EU level are bound to result in a rethink of the concepts and definitions to be used for recording intra-Community trade.

CLOSER ALIGNMENT WITH ACCOUNTING CONCEPTS?

"A change in intra-Community trade statistics is inevitable, in the sense that the recording of movements is steadily losing any meaning in economic terms."

Can closer alignment with the concepts of accounting - or even incorporation into the system of business statistics - offer new prospects for the definition of Intrastat 2 and for the use of other recording classifications?

Gilles Rambaud-Chanoz: "First of all, as part of the efforts of the United Nations working party comprising representatives of international organisations, including Eurostat, on the revision of international trade methodology, regard for the particular features of economic and monetary unions in general, and of the European Union in particular, is essential, because of the increased importance of trade and the globalisation of economies within these unions.

"Against this background, possible solutions - while continuing to use the harmonised system - would be for statistics to be limited to the meaningful subheadings in terms of trade value and not to break down the others, or to go for the Prodcom list. It would also be a good idea to take services into account and to incorporate them into the Intrastat system.

"The matter of the frequency of data collection should be dealt with by means of a cost/benefit analysis. What would be the point of having detailed monthly statistics if a combination, depending on the detail required, of monthly and quarterly statistics could do the job at less cost?

"The answers to these questions are vital since alternative recording techniques based on samples, which were discarded when Intrastat was being devised primarily because of the frequency and detail required for data collection, could well be rethought.

MAINTAINING ADMINISTRATIVE LINKS

"There is an obvious advantage in maintaining links between Intrastat 2 and administrative systems. This explains why the final choices which will be made for the VAT system will have a very direct impact in the extent of these links, and even on their very existence.

"There are two key elements to be borne in mind: the identification of intra-Community operators and the total volume of trade carried out."

Jürgen Heimann: "The degree of autonomy of Intrastat 2, and its susceptibility as well, will depend on the answers which are provided. It is still too soon to reach any judgment on the need and usefulness of these two elements for tax purposes. Any questions concerning compensation can be looked at on the basis of indicators other than intra-Community trade.

REFORM MUST OFFSET ADDITIONAL COST

"The experience which has been acquired, the difficulties encountered during the initial years of Intrastat operation and the considerable investment which has been put in by the authorities and firms demand that the next step be carefully thought out.

"It is manifestly clear that the current system can be improved. But any reform of the data collection system, which is justified for reasons of methodology or simplification, can be undertaken only if its expected benefits, its length of validity and its general acceptance offset the inevitable extra cost and the upheaval which is part and parcel of any change.

"These main ideas must also be incorporated into a technical approach and strategy concerning new technologies, EDI and telecommunications."

Continued on page 10

INTRASTAT AND NEW TECHNOLOGIES

Sigma interviewed Philippe Lebaube - A1 unit - Eurostat - Computer processing (Normalisation, programm "Interchange of Data between Administration" (IDA), Trans-european Telematic Networks) and Uwe Kunzler - C4 unit - Eurostat (Edicom - "Electronic Data Interchange on Commerce").

To what extent can EDI affect the outlook for Intrastat?

People normally refer to EDI, or electronic data interchange, when they mean the transmission by electronic means of formatted messages which comply with approved standards between independently operated information systems. EDI has a major role in the coming "paperless society".

P Lebaube: "The disappearance of declaration forms



Philippe Lebaube: "There must be clearcut responsibilities between declaring and collecting agents!"

and their conversion to electronic format is not a haphazard affair. The authorities have to be able to tell people: 'We accept your declaration. Provided it is in this format, we can identify it and you and we can be sure that you have given us all the information we want and that you are using the recommended encoding techniques which match our requirements.'

In short, there needs to be a clear division of responsibility between those collecting and those providing the information. In order to cope with Intrastat, EDI needs "interchange agreements", which are a kind of partnership agreement between the authorities and firms. A number of national and Communities authorities are involved in EDI projects for declarations as part of programmes such as IDA (interchange of data between administrations)."

U Kunzler: "The use of EDI techniques was written into the Intrastat regulation from the outset. What can be done now in the way of greater encouragement for its use by administrations? And how can it all be coordinated? Only eight of the fifteen Member States are capable of using the IDEP declaring software or EDI messages (CUSDEC/INSTAT) proposed by us. What can we do for the other seven?"

P Lebaube: "In the standardisation talks, in which we are very actively involved, the statistical authorities have an important role to play with regard to encouragement. Standardisation means that you get a



Uwe Kunzler: "With IDEP, we made every effort to be pragmatic."

standardised message which is properly documented and has a quality label to back up its high profile. The work on standardisation involves a lot of economic operators, working parties on the facilitation of trade procedures, software experts, etc. On the administration side, we are playing our part in this."

U Kunzler: "But in the long run, how are you going to cope with incorporating more users or facilities without too many repercussions on project costs?"

P Lebaube: "You are right. How are we going to move from 100 to 1,000, from 1,000 to 100,000 and from 100,000 to a million economic operators using EDI as part of a Community or national project while keeping to more or less the same budget? This is a key factor to be considered."

U Kunzler: "In the EDICOM project, with the subsidiary IDEP project, we have tried to

be pragmatic. IDEP is supposed to be the archetypal declaring software for EDI messages, pending the development by the market of a similar tool. We need to help in setting up a technical environment which has been structured with some real thought. The fact is that at present the supply side in terms of telecommunications is still too poorly incorporated into data processing software and environments to allow

'start-to-finish' communications. This explains the resistance to the widespread introduction of 'European' software (IDEP, STATEL, etc) which is incapable of being adapted to too many different technical situations."

P Lebaube: "While being careful not to overstep our mandate at Eurostat, we probably need to help the market in identifying the data processing

products or services with enough 'critical mass' to warrant commercial development. If need be, we should set up a kind of 'relay structure' with a suitable remit and resources. At the same time, we should think about the availability of resources in the next three to five years, so that we can stay on top of things as they evolve. We do not want to create monsters that cannot be fed or controlled by anyone!"

WHY IS EDI NOT TAKING OFF?

EDI has taken off in the case of applications which from the outset aimed at achieving "critical mass". How do they explain the fairly limited success of EDI for Intrastat declarations?

P Lebaube: "Lack of telecommunications infrastructure, scarcity of EDI software in firms' computer resources, poorly organised user services: these are all factors which mean that EDI is still too expensive for firms to acquire. In industry, EDI has been successful in conglomerates, purchasing syndicates, car manufacturers, major industries and so on, where at the centre of things you find the 'hub' from which ideas emanate. The 'spokes' (customers or suppliers) have no choice: either they use the recommended method of transmission or they are denied access to the system, to licences, to franchises. As far as 'administrative EDI' is concerned, the authorities need to as-

sume the 'hub' position. And this is where Eurostat has to slot Intrastat into telecommunications."

U Kunzler: "But you are not going to get economic operators investing heavily in telecommunications just for a monthly report! There has to be something else in it for them."

P Lebaube: "We need to make a better job of identifying the market slot in the outside world for data processing applications developed by national or Community administrations."

There is a tremendous risk otherwise that what we develop may be seen as obstacles to the identification of market sectors and shares where the initiative is with the private sector. We therefore

need to think about partnerships which should be encouraged for Intrastat 2 with software development firms, operators of networks with value added and all those involved in the information society.

"One of the key factors of EDI projects is their "critical mass". When Intrastat 2 is considered, we need to formulate a technical approach which incorporates from the outset the "large-scale" dimension of the project. It is in this way that synergy between statistical fields or between administrations can develop, through the coordinated introduction of a technical and practical approach to projects."

WHAT ABOUT RECORDING ONLY A SINGLE FLOW?

In addition to the studies on nomenclatures for recording data and the frequency of collecting the information, there is an old Eurostat proposal which deserves to be looked at again. The idea would be for each Member State to record only a single flow, with the other flow calculated using the results compiled by the other Member States in the form of mirror statistics. In this way, countries would record only dispatches, since arrivals are equal in theory to the total dispatches from the other fourteen Member States.

This method is used by a number of countries, including Canada and the United States, which for several years have based their figures solely on imports.

Unless some considerations relating to the tax system warrant it, and unless arrivals are more than dispatches, which are the preferred flow for recording and reconciling fiscal and statistical data, there are arguments within the European Union in favour of recording solely dispatches. **Gilles Rambaud-Chanoz** mentions two:

“- the tendency of dispatching firms to be more concentrated, with the corollary that a smaller number of firms need to be covered, which is a factor of particular interest for small and medium-sized enterprises that for the most part would not be bound by the system;

- better knowledge of products on the side of dispatching agents, usually the manufacturers, than on the purchasing side, with the ensuing greater likelihood of getting more reliable data and of arriving at a better understanding of dispatch flows through better response rates than with the current system.”

SIGNIFICANT ECONOMIES OF SCALE

Mr Rambaud-Chanoz goes on: “This system would mean that around 350 000 firms could be exempted from the requirement to declare arrivals, without any great loss of information. The administrative workload in collecting and processing the data would also be considerably reduced.

“Eurostat should organise and back up a swift exchange of data between administrations so that they are in a position to calculate arrivals on the basis of results compiled by other declaring countries. The introduction of this procedure would require the adoption of a series of harmonisation measures designed to ensure that the system works properly. This proposal would make it possible to achieve significant economies of scale and would provide a positive response to the requests of European business federations for simplification and harmonisation of what they are required to do in terms of declarations and administrative formalities.

“This proposal requires a mutual obligation to compile results on all the Member

States. It can stem only from close cooperation, the only means of instilling the mood of trust which is vital to the introduction of such a system.”

Jürgen Heimann: “There are some grounds for thinking that initially only the Member States involved will apply this procedure and that its general application will be a gradual matter. Also, this proposal does not depend on the other proposals that have been made. It is feasible regardless of the nomenclatures, the frequency and the system of recording that may be chosen. Furthermore, in spite of its radical nature, this change would involve only minor amendments to the organisation and infrastructure used by those providing information as well as by those collecting it.

FINDING A PRACTICAL AND ACCEPTABLE SOLUTION

“In view of the importance of these statistics and of the costs incurred by everyone involved, it is a good idea to weigh the pros and the cons carefully before each decision is taken. This can be done only by multiplying contacts with the providers and users of the data, with the compilers of the statistics and with the authorities. These discussions will thereby make it possible to work out a practical solution which is acceptable to everyone.

“The first phase consists of completing the examination of how the current system operates and of making a more systematic analysis of costs in order to supplement the studies



George Pongas (C4 unit - Eurostat - External and intra-community trade) presents to Member States delegates some proposals for the treatment of confidentiality

which have been carried out. Progress along these lines will be helped by the surveys which are currently being carried out.

“The Intrastat 2 seminar will allow various points of view to be aired and enable concrete guidelines for future work to be drawn up.

“The resulting proposals will be referred to the Statistical Programme Committee and to the European Advisory Committee on Statistical Information in the Economic and Social Spheres (CEIES) and, if appropriate, to other relevant European bodies.

“Lastly, a proposal for a regulation will be drafted by the Committee on Statistics relating to the Trade in Goods between Member States. With this work as a basis, the Commission will propose a draft regulation for adoption by the Council and Parliament.”

Mr Rambaud-Chanoz concludes by saying: “No definite timetable can be outlined at the moment, but increased contacts and an open ear to all comments should result in a careful decision with excellent repercussions.”

THE UNDERVALUATION OF THE ARRIVALS

Observed divergences confirm the poor quality level of the data and reveal an important undervaluation of the arrivals as compared to the shipments. This results mainly from simplification measures, especially the non-recording of goods from a non-member country put into free circulation in a Member State and subsequently re-shipped to another.

A LOOK TO THE RECENT PAST...

CONSIDERABLE EFFORTS TO IMPROVE INTRASTAT

Since the launch of Intrastat, a large number of improvements have been made. An increasing number of national government departments are relatively satisfied with the results at national level.

All the Member States have made considerable efforts to assist with the implementation of Intrastat. These efforts, supported by Eurostat, have been aimed at both relations with enterprises (information, awareness-raising, training campaigns and other assistance) and adjustments to the structure of the national departments responsible for collection. Supplemented by Community measures, these initiatives received support under the Edicom programme, which not only made it possible to modernise the various phases of collection, processing and dissemination through the increased use of EDI and new technologies, but also formed the basis for a series of studies and analyses aimed at improving data quality. All of this has enabled progress to be made towards harmonising the results at Union level.

For the sake of clarity, the main measures are presented in two groups:

Methodological analyses and studies and telematics infrastructure.

METHODOLOGICAL ANALYSES AND STUDIES

Adjustment of Community systems

Eurostat was obliged to make a series of adjustments to the various statistical instruments (publications, information system, indices, transport, etc) directly affected by the methodological break which emerged between intra- and extra-Community statistics.

Compensating for the lack of information

Analyses of Intrastat data

have resulted in the development of methods which can compensate for the lack of information arising from non-response or from the impact of thresholds. Recommendations were issued and many Member States now adjust their data at a generally aggregated level. These adjustments are transmitted to Eurostat, which incorporates them in its data bases and publications.

An overall view of quality

The quality of results is evaluated with reference to historical data and by studying the mirror statistics. This study, which is currently being conducted at a detailed level of the nomenclature, makes it possible to identify those countries



Part of the "Intrastat team" at Eurostat. From left to right: Denis Gervalle, Anne Berthomieu, David Cristallo, Régine Rugani and Sonia Murphy.

where results reveal the greatest discrepancies. Initial results have provided an overview of quality at Union level which is essential for drawing up proposals to improve and correct the most worrying situations.

Study of bilateral flows

In the same spirit, a group of Member States (France, Germany, Netherlands, Italy and UK) have engaged in efforts to compare and align their Intrastat results. Since the national government departments have sole access to data by enterprise and are responsible for the basic collection, this in-depth scrutiny of the bilateral flows has helped to resolve important cases of discrepancy.

Audit of national systems

At the end of 1995, teams of national and Community experts visited all Member States, using a very detailed questionnaire to conduct interviews and make an in-depth analysis of the systems used for collecting and compiling data. The aim was to ensure uniform application of the legislation and to harmonise checking and adjustment procedures, as well as to identify weaknesses and potential solutions.

Simplification of the classification

A task force, chaired by Belgium, has studied possible ways of simplifying the classification in the case of Intrastat declarations. A majority of Member States consider that at present it is vital to retain a common classification for intra-

and extra-Community statistics, with the result that the potential for simplification is limited.

In fact, a large number of requests to introduce new subdivisions in the Combined Nomenclature have been submitted. Since efforts to simplify the Combined Nomenclature have not come up with any convincing results to date, the trend is to increase the number of sub-headings. This increase is quasi-continuous, and the Combined Nomenclature now has more than 10,000 sub-headings, of which several thousand have been created solely for tariff purposes and, as a result, are totally irrelevant to intra-Community trade.

Nevertheless, the regulation introducing one threshold per transaction (thereby dispensing with the classification of small dispatches), the complementary studies on the sub-headings with limited trade and the removal of classification codes where the indication of the net mass is irrelevant are all steps towards lightening the burden of declaration prior to a more extensive revision of the system.

Where limited trade is concerned, the results speak for themselves. The value of the trade associated with several thousand of these sub-headings is very small, with the aggregated amount for the 3,500 sub-divisions with the least trade representing only 1% of the total value of dispatches or arrivals. Similarly, consideration of the 3,000 most important sub-headings would give 90% coverage of trade.

Opinion poll

Two opinion polls on Intrastat have been launched, targeting both the providers of statistical information and the data users. In particular, the results should allow a greater understanding of the burden which Intrastat represents for enterprises, but equally should reveal the opinions of enterprises and users as to how it functions, as well as their expectations for the future.

Seminar on trade

It is planned to hold a seminar in March 1996 for all the operators involved in statistics on the trading of goods. The aim will be to evaluate the functioning of the current system and to consider the adjustments needed in the light of foreseeable developments in the economic and fiscal environment in which goods will be traded.

TELEMATICS INFRASTRUCTURE

These measures, known as Edicom, aim to facilitate the various phases in the production chain, ie compiling the declaration, the enterprise-national government department transfer, processing at national level, the national government department-Eurostat transfer, processing within Eurostat and finally dissemination.

Depending on the nature of the Edicom measures covering these different phases, they have been developed either directly by the national government departments or in a centralised manner by Eurostat.

These measures have been backed up by promotion, awareness-raising and training activities, which were particularly important given the large number and heterogenous nature of the parties involved. The entire series of measures has been defined and steered by the Edicom Task Force, composed of 15 national government departments and Eurostat.

The main achievements have been:

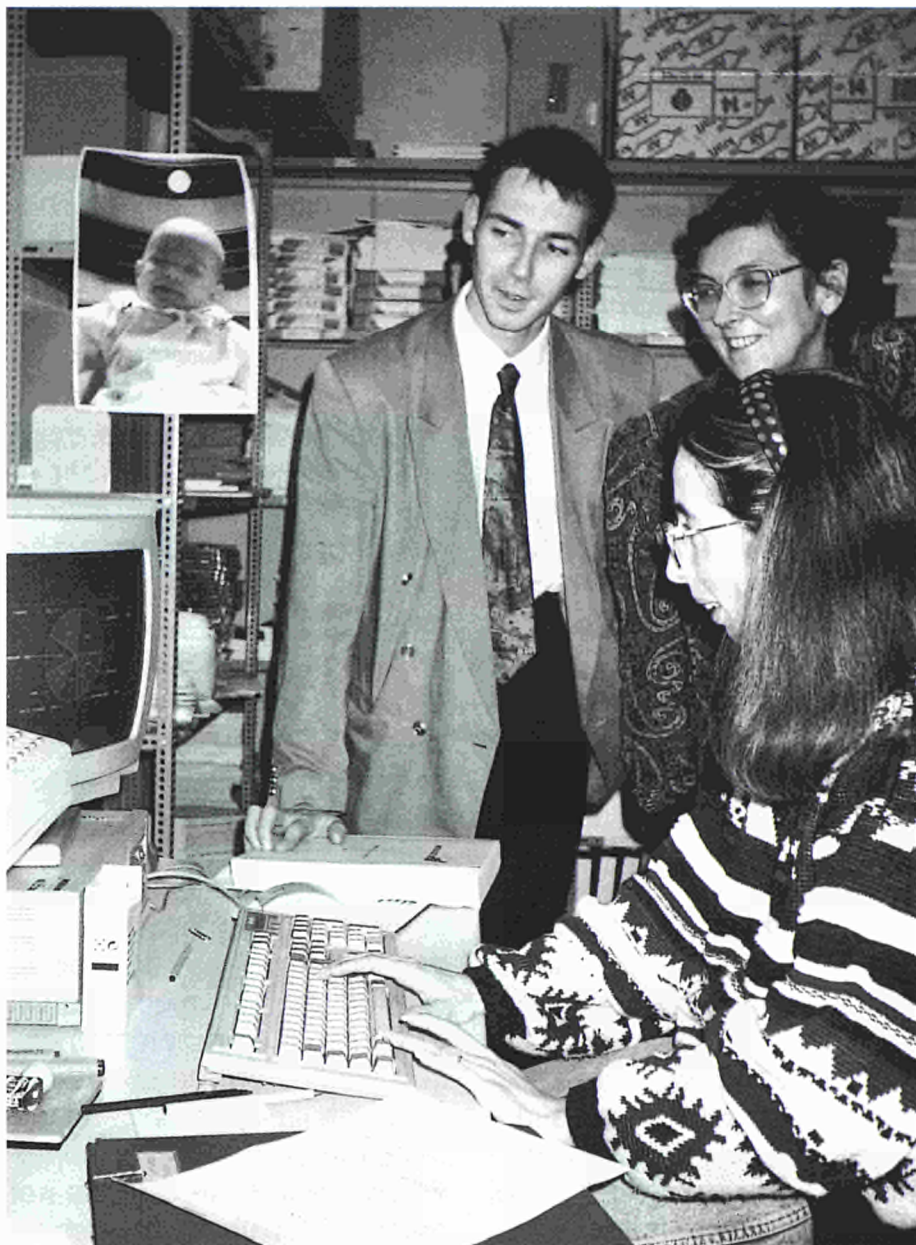
- electronic questionnaires;
- the Edifact messages;
- the Disk/Fax systems;
- telecommunications;
- the Comext and CD-ROM database;
- national measures.

Electronic questionnaires

The IDEP/CN8 software, developed by Eurostat, allows enterprises to record the statistics on their Intrastat trade and to compile their monthly declarations. The CN8 component of the software contains the entire product classification and allows searching for the appropriate coding of products using different routes.

Eurostat places IDEP/CN8 at the disposal of the national departments responsible for Intrastat, which provide this software to enterprises free of charge. Parameters defined at national level make it possible to take account of the specific characteristics of each country.

The IDEP software is currently distributed in ten coun-



A Comext demo ... At the keyboard: Marie-Pierre Krieg. In the background, Sébastien Cadic and Josianne Libouton (All from Eurostat).

tries and the number of users, small in the first year of launching, has now grown significantly, from 3,500 at the end of 1993 to 10,000 at the end of 1995, and is likely to exceed 20,000 by the end of 1996.

The Netherlands and Germany use software developed by CBS-IRIS, and progress in these two countries has also been very significant.

Edifact messages

Declarations compiled using IDEP conform to the Edifact/Instat (Intrastat declaration) standard, which is a sub-set of a more general Edifact message, in this case CUSDEC (Customs declaration). The work carried out on these Edifact formats and on others constitutes the second link in the Edicom chain. The Exstat format for declarations cover-

ing trade with non-Union countries is almost completed, as is the Inres format used to reply to Instat messages. Another project under way in this field is a study of the security of network transmission of Edifact messages.

Disk/Fax systems

A large proportion of Intrastat declarations is still sent to national government departments on diskettes or on tapes. Eurostat has developed a system which can read large quantities of diskettes and tapes and convert the data to a local format. This system, known as Disk/Fax, can also be used to send messages by fax to those enterprises whose declarations were not accepted owing, for example, to formatting errors.

Disk/Fax systems have been supplied to nine countries (Belgium, Luxembourg, Germany, Portugal, Ireland, United Kingdom, Greece, Spain and France). No modification is currently planned.

Telecommunications

This project aims to permit the transmission of Edifact messages (and of other formats) directly to the competent national services via the telematics networks. Replies and acknowledgements of receipt will be returned to enterprises using the same procedure. The new version of the IDEP software includes such an interface, with several trials currently under way in various countries. This facility can be used outside IDEP, with the

derivation of the message corresponding to the Intrastat declaration being transmitted directly from enterprises' internal computer systems to the competent national departments.

The Comext 2 data base

The Comext 2 data base replaces the external trade statistics processing systems, the statistics on intra-Community trade and other related information such as the classifications, conversion factors, indices, etc. The aim of this large-scale operation is to create a single reference base, a portable and efficient system taking advantage of recent technological developments in equipment and networks.

A client-host approach has been pursued, with the application being developed under Unix/Oracle. Comext 2 functions under Windows and offers numerous facilities for local handling and storing. This base is used mainly by Commission departments. Dissemination outside the Commission is via publications but also, and mainly, via the CD-ROM Comext produced monthly, which includes not only the detailed intra- and extra-Community data but also the user-friendly DOS and Windows software to access these data. Increasing use is being made of this medium.

There are contacts with national departments with the aim of studying the potential portability of these two products (Comext 2 and CD-ROM) and the possibility of adjusting them to cover national needs.

National measures

The measures undertaken at national level take a different form, since they are a feature of the organisations chosen by the Member States. However, their main focus is to promote the use of telematics tools and develop them, to modernise the extraction, collection and processing centres, to computerise processing operations, to harmonise procedures and to make increased use of EDI techniques. In addition, the national government departments have made substantial efforts to install the various tools developed centrally, with Eurostat acting as coordinator.

These various "technical" projects and the measures adopted by national government departments have made it possible to make considerable progress and lighten the burden of declaration for enterprises, and have contributed to the acceptance by enterprises of the Intrastat system, this being a precondition for obtaining good statistics. These measures have also made it possible to rationalise and improve data handling by national and Community authorities.



EXTRASTAT

TOWARDS A GLOBAL VIEW OF TRADE

Although recently preoccupied with Intrastat, Eurostat (Unit C4) also attaches great importance to statistics on EU external trade - a key element of common commercial policy.

NEW LAW

A new law in 1995 clarified the obligations of traders and national statistical institutes (NSIs) - in particular demarcation between intra and extra Community trade.

External trade data continue to be gathered via customs. The new legislation stipulates that data on "preferences" - a

compulsory element of the customs single administrative document - must be compiled from this year onwards by every Member State and transmitted to Eurostat. This will significantly increase the completeness and coherence of preferences data.

Secondly, data will include the internal mode of transport and thus complement present data on the mode at the external frontier.

Finally, the Commission was enabled to extend if necessary compulsory data on the nature of transaction, invoiced amount and delivery terms. Such data

are of great interest to balance of payments and national accounts statisticians who need to adjust the original trade data before entering them into their systems.

In addition, all Member States agree not to introduce new steps that might affect trade data comparability, but to await harmonisation.

Member States will send confidential trade data to Eurostat for optimum quality control.

UN DIMENSION

In line with a request by the United Nations Statistical Commission, Eurostat is participating in a revision of the methodology of international trade statistics. This could involve replacement of the movement of goods concept to that of residency and change of ownership.

Such changes are considered by the task force on international trade statistics convened by the World Trade Organisation. IMF, OECD,



UNCTAD, UNSTAT, the World Bank, the FAO are represented as well as Eurostat.

The task force also deals with data sharing among international organisations to lighten the burden of reporting countries and eliminate other international problems.

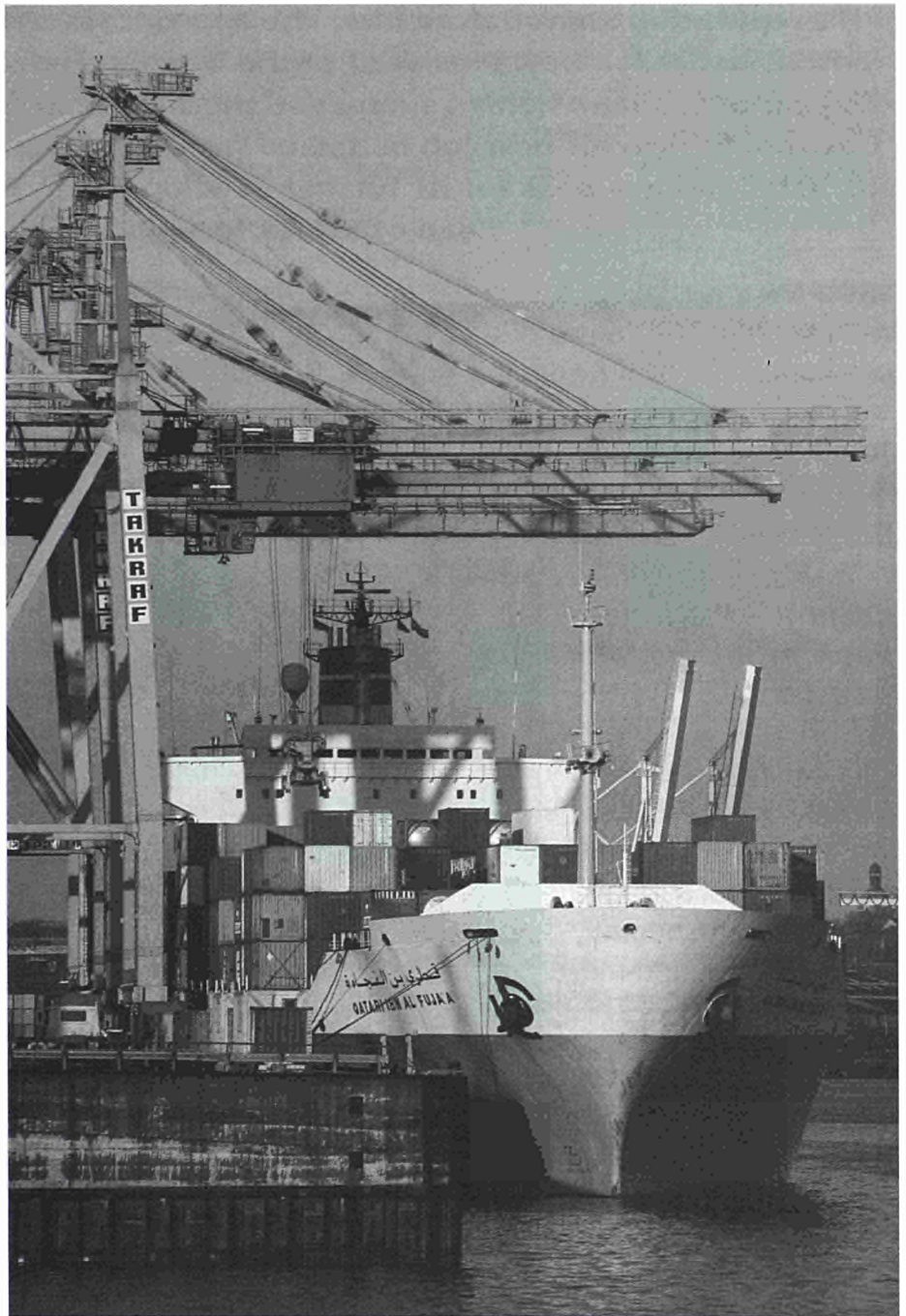
THE GLOBAL PICTURE

Economic activity is organised increasingly on a global basis with international competition across the board. Traditional economic boundaries are become blurred.

This has long-term implications for EU competitiveness. So the EU must understand the forces at work.

Traditionally, data has focused mainly on trade. There has been much less emphasis on other cross-frontier economic links, such as the activities of multinationals, intra-firm flows, international sub-contracting etc. Thus statistics may fail to capture a full picture.

The Commission sees a strong need for globalisation indicators, and these are the main job of the Eurostat task force on globalisation (TFG), formed in 1992. TFG is preparing a Council submission on a detailed feasibility study in this area.



A key element of TFG's work is the way corporations have responded to global markets and increased competition by internationalising production and seeking lowest possible production costs. The implications for cross-border economic influences need to be incorporated in EU policy-making. For example, data in these areas are essential for

measuring the competitiveness of European industry and impact of the single market.

The ultimate aim is adapting collection systems so data on intra-firm trade and international sub-contracting can be identified and integrated into systems such as foreign trade statistics.

His reputation went before him: he approaches a fresh challenge swiftly and enthusiastically. New President of the German Federal Statistical Office (STBA) 53-year-old Johann Hahlen succeeded Hans Gunther Merk on 1 October last year. One month into his new job he talked frankly to *Sigma's* BARBARA JAKOB about Intrastat and his ideas for its further development. Talking with him: Horst Mai, head of STBA's foreign trade unit.

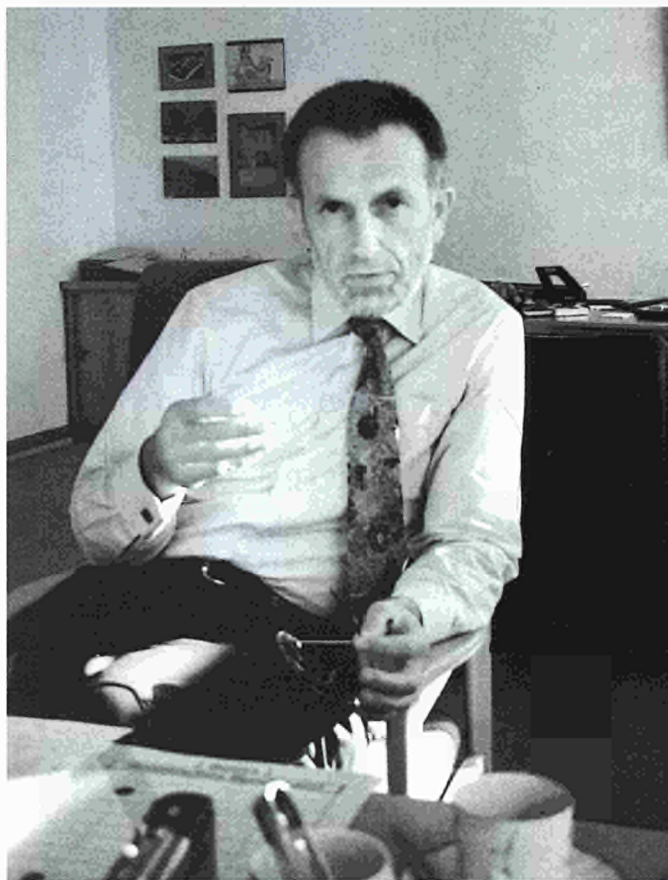
INTRASTAT NEEDS CONSOLIDATING

Hahlen is quite frank about it - there have been problems with Intrastat.

"Initially there were considerable difficulties. We have overcome the main ones but still have problems - especially with our small and medium enterprises. This is mainly because they do not use electronic communication but stick to paper forms. Currently we are trying to train them to take advantage of new technology."

Adds **Mai**: "There are also problems that we simply cannot resolve because they are inherent in the system."

For example, there is the regulation that forbids us to ask small enterprises below a certain threshold for information which in certain circumstances might be important because of the product they deal with...



The Statistisches Bundesamt President, Johann Hahlen is quite frank about it: "Before changing something implemented with pain we should give it time to consolidate!"

"Food stuffs, for instance. When making mirror comparisons we observe that we import much more from Italy, Austria and the Netherlands than shows up in 'arrivals'. This is because of these small traders.

"But collaboration with the tax administration is working well, although there are some persistent problems on the concept of turnover taxation, and our statistical concepts diverge in some cases. Problems with declarations of storage and transit operations and time-lags in investment transactions - such difficulties are system-induced."

The link to taxation is new, I observe. Has it come up to expectations?

Mai: "All Member States - and I speak for colleagues with whom I have regular contact - expected more and now know better. We anticipated better comparability between the statistical and fiscal data. Of course, we knew the theory of such conceptual differences but did not judge their extent correctly."

"But, in my opinion, this comparison with tax values is still extremely valuable. Firstly, we gain an idea of who is liable to be a respondent. Secondly - the psychological advantage - the enterprises know that we get data from the tax authorities and so feel obliged to give us as correct information as possible. In such ways the link is very positive. What we can't achieve - because of the conceptual differences is: tax values are X, therefore statistical values must be X also."

I say that one goal was to reduce the response burden. Has this aim been achieved?

Mai: "My personal opinion is that it is an additional burden for the enterprises. Some of the work has to be done by parts of the enterprise that did not do it before - which know nothing of statistical values or the harmonised system."

"Intrastat is an additional burden for the accounting units. That the burden for other units diminished at least to the same extent - enterprises take that for granted. If I would dare to argue differently: the firms would say that either I am not aware of what happens or am not honest."

"They do not always appreciate the value of the work they do on these statistics. And it is unfortunately the case that the main part of the small enterprises do not derive direct advantage from our statistics."

These are the big firms keen to use the data but lamenting the drop in quality at present."

Mai continues: "Most are not aware that they draw indirect advantage from our figures because they help shape economic policy and are used by their trade associations. And even with the big enterprises one must be careful to address the right people. Such a firm will have a different section working with our figures and valuing them from the one with the task of compiling them for us every month. They do not always see things the same way."

WHERE DOES THE FRUIT GO?

I point out that in the official trade statistics Germany's balance with other EU members is well in the black. But when Germany's 'arrivals' are replaced by the 'dispatches' of its EU trading partners, the balance is in the red. In 1994 the difference amounted to 34 billion DM. How can this be explained?

Hahlen: "There is a divergence but not such a large one. It has diminished considerably this year. Also such mirror analyses must be considered with caution because one can doubt the dispatches figures of our trading partners. For example, we know that the UK makes a proportional advance on its dispatches as compensation for non-response."

"So one cannot draw the conclusion that the German figures are of low quality. Apart from this there are still structural problems. Those thresholds are a key factor. Example: A big exporter of fruit in Italy - his exports to Germany will show up in dispatches very exactly. But they will be partly received here by small traders who are either below the threshold or among those still causing us trouble. This is how we explain the discrepancies."

Mai: "Our arrivals figures are not high enough yet. We are working on them - for example, there are reminder campaigns for small and medium enterprises. Many allege to have never heard of Intrastat and are only now waking up to it. We are quite optimistic about the values for 1995."

"Then there are the dispatches, which are sometimes incorrect. Example: We were asked angrily why our tile imports from Italy were so low. We discovered an Italian exports tiles to Germany - he believes - but the carrier brings them not here but to a warehouse in Austria. From there they are distributed perhaps to Germany but perhaps they remain in Austria or go elsewhere."

"Another case: Until 1994 Austria exported 150,000 bicycles a year to Germany. The Austrian trader exported them to a warehouse. We could always trace them through customs declarations."

Then Austria joined the EU, the single market. Now the trader sells the 150,000 'cycles direct to buyers. Where does he send them? To private customers and small traders who do not have to make a declaration. Suddenly no bicycles from Austria any more!"

He goes on: "Individual cases, but in sum they matter. Without major conceptual changes we are unable to improve. Many Member States simply add an estimated value for the enterprises below the threshold. We publish only those foreign trade statistics we actually compile. There are bound to be discrepancies. We must have a uniform regulation. Either we enhance our data or other countries refrain from doing so."

UNWELCOME

I say that views on Inostrat differ. Some Member States are reasonably satisfied and see little reason for change, others wish to improve and revise the system. Why the different opinions?

Hahlen: "We did not welcome Inostrat; on the contrary, for us it was a system break entailing considerable burdens for this office as well as for the enterprises.

"Partly the burdens were much bigger than anticipated. In this way Inostrat still hurts. Up to '93 the enterprises concentrated on customs declara-

tions, not perceiving the statistical by-product. Then came the internal market and everybody was very happy about abolition of customs formalities. But the disagreeable part was yet to come. And when it did, enterprises saw it as statisticians taking over the role of customs. It is only natural they were not very happy about it.

"For our office Inostrat means a statistical survey with 80-85,000 providers of information. This has caused an immense burden in terms of personnel and cost. Of course, you can ask about revising the system. But we believe that before changing something implemented with pain we should give it time to consolidate: for those 80,000 enterprises to develop a routine.

"Our situation is different from that in France where everything is done via the tax administration. We had to begin from zero and we are glad to have reached our current status."

How does he envisage a revision taking place?

"We are not thinking of conceptual change - this is arguing for perfection. We would think of simplification - for example, a reduction in the number of headings in the inquiry. Is information on harbours and shipping necessary in a statistical survey on trade flows? Every heading less is

one less burden for the operators, and a good thing.

"Another question relates to the eight-digit classification. We think a six-digit one would suffice, but associations have a different opinion.

"A third point is a more theoretical one which we would not consider in practice. When we first discussed Inostrat we considered whether only one flow should be measured - for example, dispatches. In our present situation we do not judge this desirable and would not want it because of the disadvantages. We are not optimistic we could establish a coherent system on this basis in the near future. Discrepancies would disappear but I doubt if a better picture would be portrayed."

Mai comes in: "What we have today is mainly the result of a compromise between the wishes of Member States and the European Commission. Eurostat tried to act as a brake and suggest, for instance, that we could measure only one flow, the dispatches. That was rejected by most Member States for differing reasons. Also the questionnaire was jointly developed by Member States. Because of the difficulties and burdens that we all perceive today, one begins to question where formerly we had not the slightest doubt."

You're optimistic about the '95 results, I say.



Horst Mai (right) to Johann Hahlen: As a statistician I say: "we already have enough work to do."

Mai: "We think we can accelerate the process of improving the quality. We are launching reminder campaigns, we are making comparison analyses, we are going into detail and checking up, for example, why the bicycles from Austria suddenly disappeared. This gives us more information and improves our figures. I think this will work out in the results for '95. In '93 we had to add an estimated value of 14 billion DM to dispatches and 18 billion to arrivals because we had no declarations.

So we had a relatively accurate global figure but a breakdown of detailed results was not possible. In '94 we were able to reduce these estimates to 10 billion each for arrivals and dispatches. In relation to

the total value of arrivals and dispatches we estimated in 1994 2.9% (1993: 4.5%) of the dispatches and 3.2% (1993: 6.2%) of the arrivals. This is a considerable improvement. I am confident we shall be able to further reduce the estimates for '95."

What, I ask, is the future for Intrastat?

Hahlen: "A question that Eurostat has to think over first. I have already outlined our mood. For us it was a new, expensive and painful change and so our perspective now is limited."

Mai: "I should be here as three people: down-to-earth statistician, user and respondent. Speaking from the point-

of-view of an enterprise, I might say there are no boundaries to my perspective, right up to saying 'abolish it'. As a user I might say we compile much too little. As a statistician I say 'We already have enough work to do'. We shrink from introducing new things called 'revisions'."

HANDS OFF!

Mai continues: "We can all imagine simplifications. On the other hand we have the show on the road; it still stumbles a bit, there are still some obstacles, but we are making headway. Everything we change could set us back. Not only my opinion but also of many colleagues. We shall get used to it - enterprises as well as statisticians. It is working better and better.

"If we change maybe just a trifle, this might result in a terrible setback. Enterprises are changing more from paper to software. This gives us an opportunity to streamline and accelerate the process and we must take advantage of this."

Could Intrastat collection serve to compile services data?

Hahlen: "Here we have a big deficit - not only in the Federal Republic but also in the EU. We must think about this. If we pursue only flows of goods we depict only one part of the picture. In the change from the industrial society to the information society flows of goods represent - at least in Central Europe - not a growing area but a shrinking one."

But we have to bear in mind what we can demand from enterprises. Would the increased burden justify the results? There might be a certain reluctance. We can only think of this if we can convince people of the advantages. If it is perceived as something only those in Wiesbaden, Bonn, Luxembourg or Brussels are interested in, then it will not work."

Mai adds: "Of course, it is possible to set up a system for this that has all the characteristics of Intrastat. As you ask the price of a machine exported to France or the USA you can also ask the fee the German notary charges his French clients."

"But the system would have to be different in its essentials and significantly adjusted. From a statistical viewpoint it is a feasible and interesting idea. But the question of burden on respondents remains."

I say that in the last Sigma the UK CSO's John Kidgell commented that "Intrastat is a warning that we should not try to impose upon countries a collection system that is the same across all countries and which ignores institutional differences". Do they share this view?

Hahlen: "I believe the English colleague forgot that when Intrastat was created most Member States, for differing reasons, put high value on having the collection system fixed at an EU level."

"Apart from that I share his opinion fully. I think it corresponds to the main principles of the European Community: that according to the principle of subsidiarity all Member States should have as much freedom as possible to compile statistics. Data collection and compilation and processing: all should be the responsibility of Member States. Otherwise we get big problems."

"Each Member State has its own structure. To apply a uniform European structure on everything would not work in the long run. We have had this experience with Intrastat and it has caused big problems."

Therefore my appeal is: follow the principle of subsidiarity in statistics with as much freedom left to Member States as possible."

ACHIEVEMENT BY EUROSTAT

But what about harmonisation?

"Harmonisation is no value of itself. I ask myself: do we need it to realise economic and monetary union? If the answer is 'yes' then of course it is a necessity for Member States; also in statistics."

So, I want to know finally, what do they see as the positive aspects of Intrastat?

Hahlen: "We have learned to set up something from zero. We were forced to implement the electronic data processing, the information technology in surveys, to an extent we had not attempted before. We introduced so-called dialogue processing - enabling us to carry out verification directly on the screen."

"All these things were forced upon us by the introduction of Intrastat. It has resulted in a gradual reduction of personnel. All of this experience we shall use now in other areas."

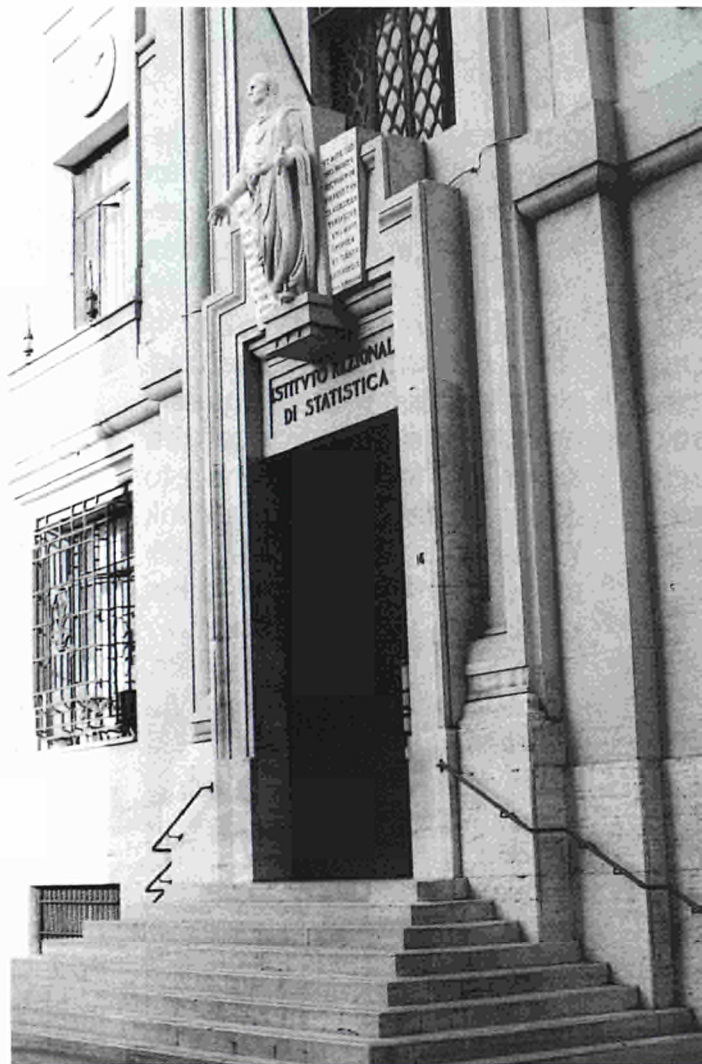
VA BENE, INTRASTAT!

IN AN INTERVIEW WITH SIGMA'S JEAN DRAPPIER, FRANCESCO LATTARULO OF THE ITALIAN STATISTICAL INSTITUTE GIVES A VERY POSITIVE VIEW OF INTRASTAT

Mr Lattarulo is convinced that insufficient use of administrative sources remains the most important reason why Intrastat still has problems. "Before Intrastat", he says, "trade statistics were 'too comfortable': the customs system was providing data very regularly to an exceptional standard. The halting of customs formalities was just like cutting the umbilical cord..."

Generally speaking, compared to its partners, Italy successfully handled the transition. They opted for an administrative source based on a monthly declaration, simultaneously fiscal and statistical, for companies with a turnover higher than a certain minimum level. Those not reaching this level are only involved once every quarter.

Mr Lattarulo: "The system provides for penalties. It may



be one of the reasons it functions so well. Every month we receive fiscal and statistical declarations which provide us with all the data we need. We get almost complete coverage of the 'population' involved.

"We started from business registers. Thanks to this we have been able, since 1993, to identify the traders and their partners and to control efficiently the arrival of the responses."

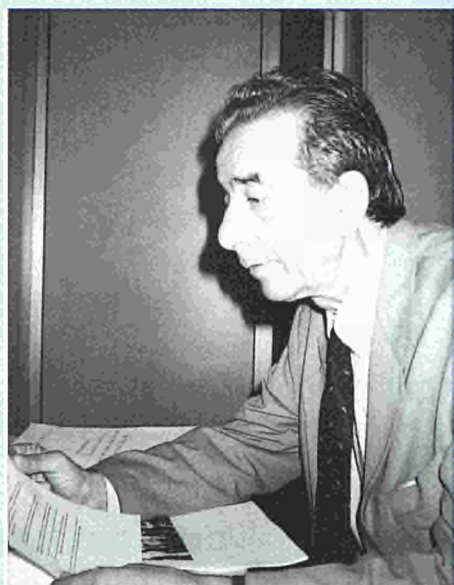
What, I ask, are the most important failures of the present system?

Lattarulo: "The absence of registers. Take Germany: without registers, at the beginning, impossible to have any control! Italy fortunately has had registers since 1992.

"This enabled us to identify who was responding and who was not. Countries with no business registers had big problems."

**GO AHEAD -
DON'T WAIT**

Improvements to be introduced in Intrastat 2: can they wait until the final (VAT) system



Francesco Lattarulo is head of the foreign trade department of Istat, the Italian National Statistical Institute in Rome and a member of the European committee on methodology on foreign trade statistics.

is implemented, or does he think they could be introduced step by step?

"Do not wait. Go ahead step by step. Since implementation of Intrastat 1 substantial progress has already been achieved. The global result is positive even in the countries where difficulties had to be faced. Comparisons are possible even if the quality of the data can still be improved. And I am of the opinion that this search for improvements can be pursued without waiting for implementation of the final VAT system."

Are you, I ask, under the impression that, with your EU partners as well, data on departures are collected better than those on arrivals? If so, why?

"For me it is obvious: shipments are, indeed, much better identified than arrivals - most likely for a series of reasons. For instance, companies tend to show what they export rather than what they import. The exemption of VAT on exports probably encourages them to

declare a maximum of shipments. On the other hand, for arrivals, it is the opposite because imports are subject to VAT."

Italy uses the combined declaration in both directions with parallel identification of the seller and the buyer, down to the finest detail. Does he think their partners might be interested in adopting the Italian system?

Lattarulo: "The Italian system is probably the best one. I believe it could be generally adopted. France, Spain and Greece are in the process of doing so in their own way. Here are countries where coupling to the administrative source does work."

So, can we imagine the Italian system extending to all Member States, but only covering one "flow"?

"My first reaction would be: let's maintain the Italian system - with both flows. But if you envisage limiting yourself to one flow only - which theoreti-

cally would simplify things for businesses as well as for Member States - you must be able to demonstrate how to manage the system and make sure the level of mutual confidence between partners is high enough. What needs to be avoided absolutely is that, in order to obtain the data on the other flow, this change would make us increasingly dependent on slower or weaker countries.

"You must know what you want: if you are happy with macro-economic data one flow can be enough. At that level statistics might perhaps meet the companies' expectations - but the external trade statistics would be insufficient, would come too late, and would be of poor quality.

"I keep repeating this: whatever solution is finally adopted, a strong link must be maintained between statistics and taxation. Why, for instance, not use better the data exchange system (VAT Information Exchange System - VIES), which functions already very well between us? This system bears the code of the enterprise - of the traded goods, the invoiced value, and the VAT code of the buyer etc. The Court of Account uses it to ensure in all Member States that VAT procedures are correctly complied with. Could you not more often plug statistics into this circuit? I do not understand why DG XXI of the Commission seems opposed to statistics using the same sources as taxation. Are they afraid we would not be in a position to guarantee enough confidentiality?"

SUB-CONTRACTING PHENOMENON

*I point out that **John Kidgell** (UK CSO) declared in the last Sigma that Intrastat is a warning that we should not try to impose upon countries a collection system that is the same across all 15 countries and which ignores institutional differences between these countries. Does Mr Lattarulo share this opinion?*

"It is surprising me. Did we not harmonise almost everything in external trade statistics? Haven't we reached almost universal harmonisation in methodologies? External trade statistics underwent a continuous harmonisation process over nearly 20 years."

So have we at present stopped the harmonisation process? If so, why?

Lattarulo: "During the whole 'tuning period' of Intrastat most of our partners supported the development of a regulation that would ask for a minimum of information from companies. Germany insisted on a more detailed and elaborate Intrastat system."

"Today, in view of difficulties in implementing Intrastat, especially in Germany, we have problems in comparing our exchanges with this country. If the system does not work with some of our partners, the Commission should make every effort to find solutions to improving the present system."

Would he rather see Intrastat evolving towards integration of business statistics, or does he prefer the national accounts concept?

"We need to do something. The coming down of the frontiers makes finding new definitions very necessary. The concept of change of ownership is not enough to catch all exchanges. Take, for example, situations where goods receive added value at one place, then a second, and a third, and then are shipped again elsewhere... You cannot really speak of a change of ownership. But all these movements, all these exchanges, are very important: if you want to have a global picture of commercial exchanges you must take them into consideration."

I ask if he thinks that statistics should give priority treatment to the observation of the 'sub-contracting phenomenon'?

"Of course. According to the Italian Trade Office, we now have in Italy more than 2,000 multinational firms. Can you imagine the speed at which this phenomenon spread in Italy? It is a very dynamic country in small exchanges: thousands of small businesses and micro-businesses operating in clothing, fancy leatherwork, tool manufacturing etc with clients all over the world."

We should understand this phenomenon better to be able to measure its effect on the globalisation of our exchanges. We should be able to measure the degree of vulnerability of the European sub-contracting industry when compared to the non-European one.

"Intra-corporation trade within the same groups certainly accounts for a substantial share, and we should be in an absolute position to measure it. What, for example,



Mr Lattarulo (left) to Mr Rambaud-Chanoz: "Do not wait! Go ahead, step by step."



Coordinators, organisers, administrators at ISTAT: (from left to right) Umberto Mandalari, Vincenzo Giovanazzi, Giuseppe Ascenzi, Augusto Gualdi, Francesco Lattarulo, Livia Laurenti, Maria Bettelli and Ennio Valentino.

does a commercial deficit between France and Germany mean if you know that almost two-thirds of such exchanges are only intra-corporation exchanges, and if you ignore how they evolve?

“While most added value in our countries’ production systems has been moving from production of physical goods to services, our statistical systems are still centred too much on physical goods production.”

Generally speaking, I indicate, the southern EU gives the impression that all is well, whereas the north seems more open to the idea or necessity of reviewing Intrastat fundamentally. Why?

“When you talk about the north I think of countries as Finland or other new Member States. They are facing the difficulties we faced ourselves. It is quite normal. A positive will should solve most problems. Is the north more open to the idea of reviewing Intrastat?”

“What I see is that problems seem to be more often in the countries which joined the Union in the second or third wave. To me, the UK seems to be treating external trade statistics too much like ‘pure’ statistics, where you can be just as happy with samples, extrapolations, approximations etc.”

“I do not think this is the right approach.”

LET’S MAKE IT WORK EVEN BETTER

Does he think that in the final balance Intrastat is positive?

“Totally positive. The present problem is just to make it work better, especially in Germany because of its weight in intra-EU exchanges.”

Today in Italy how do suppliers and users of data perceive Intrastat?

“We had a recent survey based on sampling 420 businesses. With very few exceptions the result was very positive. Reservations are about the eight-digit nomenclature which seems too heavy to

handle for commercial operators. This survey is a good barometer. It shows our system functions well and that the quality of the data continues to improve.”

And, I ask finally, should Intrastat be extended to services?

Lattarulo: “Of course. But this is still going to take a long time. We have just started a project aimed at finding the incidence of transportation costs so we can move swiftly from CIF to FOB values, in order to measure better the cost of services in external trade.

“But things are far from obvious. And we shall all have to work very closely to find a common and efficient approach.”



Ennio Valentino and Antonella Bussi, EDP experts.



Checking and correcting the data: (from left to right) Flora Antonacci, A Maria Palermo, Antonella Di Buduo, Elisabetta Porretta, Loredana Coletta, Virginia Climinti, Girolama Mantovani and Tiziana Testa.

WE WANT RAPID STATISTICS

THE EU'S TEXTILE INDUSTRY

With 123,000 enterprises and 2.4 million wage-earners, the European textile and clothing industry is determined to rise to all the challenges of the future. "But", Dominique Jacomet, President of Euratex - the industry's federation - said recently, "for the next few years it will be a stiff fight, requiring the mobilisation of all our energy, skill and will, to keep our industry on top in the world."

Sigma's **Jean Drappier** met **Francesco Marchi**, responsible in Euratex for textile policy at EU level. He takes a keen interest in statistics of the textile industry.

SHORTER DELAYS

"Several recent studies show national markets as widely compartmentalised, for several reasons», **Marchi** tells me. «Nevertheless, small and medium firms made a considerable effort to take advantage of the opening up of the market, and most adapted to Intrastat.

"Now they wait impatiently for feedback they don't receive. The risk for national federations, national statistical institutes or Eurostat is lack of credibility with these enterprises, which are the main suppliers and users of the data.

We must improve the dissemination of Intrastat data and make them even easier to collect.

"Let's make no secret of it: many small enterprises have considerable difficulty with Intrastat questionnaires. By giving them feedback you convince them that statistics are not a burden but valuable."

So, I ask, why can't there be more recourse to the European Federations of Industrial Branches (EFIB) to obtain a higher response rate from enterprises? Where's the problem?

Marchi: "It's at two levels. First it's cultural: data-processing still meets some resistance. Things will improve with the introduction of easier systems and when people have served

an 'apprenticeship' on them. But we have a long way to go.

"Second level is at the national statistical institutes where transmission delays must be shortened. I admit NSIs must verify the data they receive. But everyone has to play a part in this - for users to profit from publication of data, delays must be shortened."

CLOSER TO THE ENTERPRISES

I ask if he finds a lack of synergy between Eurostat and EFIB on making progress.

"The real problem is that bosses of thousands of micro-enterprises haven't the time to devote even two hours to a meeting on this subject. They are man-managers who must be everywhere at the same time. We must find a way of getting to them directly - in their factories, in their offices...

"I hope next March at the Eurostat seminar we'll take

account of the structure of enterprises and the sectors to which they belong and listen to their point-of-view. The needs and interests of big enterprises are totally different - sometimes totally opposite - to those of SMEs.

"SMEs are the cement of industry. The will of the Commission to help them must be translated into concrete action."

But, I demand, historically was EFIB not cornered by big enterprises? Is there enough SME representation?

Marchi: "The situation changes a lot from one sector to another. SMEs have no direct members but are represented by national federations and branches. But in our sector of textiles and clothing we make every effort to take the SMEs' point-of-view into account, even if the temptation is sometimes to listen more to the large enterprises."

READY TO FIGHT

Is a consensus easy to arrive at within EFIB?

Marchi: "We reach a substantial consensus on major problems, obviously with nuances in certain areas. But we have shown that we have principles for which we are ready to fight."



F Marchi: "The real problem is to reach the enterprises ..."

WORLDWIDE COMPETITION

I state that in the textile/clothing sector, trading exchanges occupy a very important position - even if 20% of textile production goes directly to industrial users.

Marchi enthuses: "If we could have trade data on-line, in real time, it would be marvelous! In the phenomenon of globalisation we are seeing two things. Firstly, the clothing industry, big users of manual labour, operates easily overseas. The textile industry - chemical fibres - is strongly capital-intensive and does not shift easily, at least for the moment. It supplies products and semi-products to the clothing industry, which makes them up - onward processing: for example, in Central and Eastern European

countries and the Mediterranean basin, the big two zones for the making-up of European semi-products in textiles.

"This form of international sub-contracting is also evident inside the Community. In textiles, local sub-contracting is as important - if not more so - than the international aspect. This local activity gives life to the textile and clothing industry. But such sub-contracting cannot resist worldwide competition if it has no instruments to measure and observe and allow it to react to movements in the market - to make any necessary changes of direction immediately.

"Sub-contracting here allows medium-term orders to be met. In the longer term, the Far East delivers. But even there the new technologies and rapid communication allow a manufacturer in Hong Kong with a workroom in China to supply the final product in one week - but at high cost.

"The way things are, textiles and clothing are more and more in a spider's web of sub-contractors who are the first to be affected by worldwide competition. If this sub-contracting, which permits a rapid response, saves many jobs and maintains a competitive European industry inside the EU borders...if this disappears, then we have a big problem.

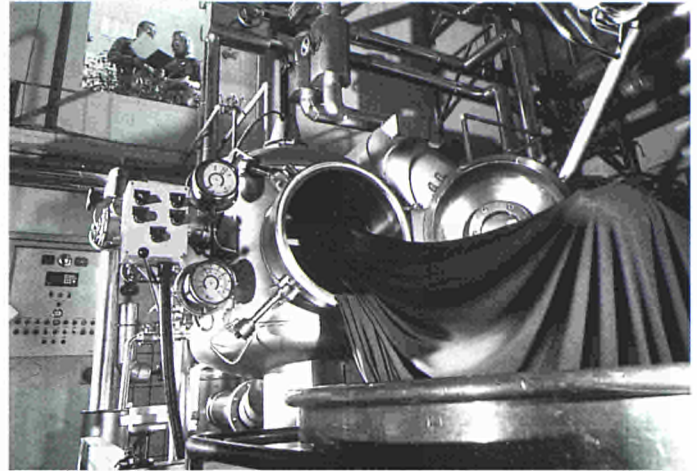


... but the clothing industry operates easily overseas. By sub-contracting with a Hong-Kong manufacturer with a workroom in China, you will get a new final product in one week - but at high cost ...

“So it is crucial for our operators to have precise and timely information about sub-contracting. Who are the players, principals...what are the prices? We have actively taken part in a sub-contracting programme developed by the Commission, and, moreover,

we conducted for Eurostat a qualitative study on the value of sub-contracting, its definition, and the concepts that could be of use to enterprises.

“It is clear that, for example, an inquiry about sub-contracting must not be a national one.



The chemical fibres industry does not tend to shift easily, at least for the moment ...

There are 40 to 50 areas in Europe that represented 80% to 85% of production. It is not necessary to make an exhaustive inquiry on several national levels if we can make targeted inquiries with the help of national federations or their local offices to encourage a response by enterprises.

“At EC level, DGXXIII⁽¹⁾, DGIII⁽²⁾ and Eurostat are making an effort - in response to Council requests - to develop a system. It should be as pragmatic as possible - to depend less on administrative solutions - and especially it should not have complicated nomenclatures, which can be a real headache.”

(1) General Directorate XXIII of the Commission (Enterprise Policy, Distributive Trades, Tourism and Cooperatives)

(2) General Directorate III of the Commission (Industry)



Mr Jean-Louis Moray (left) from EUROFER (steel industry) and Mr Alain van der Vaet from BLIC (Liaison office of the rubber industry of the European Union).

kept waiting; and note, moreover, that at the level of certain Member States, the same people who are demanding this information are interrupting the process, deliberately or not. So - by force of circumstances - Eurostat should have a more important role to play in future."

Marchi concludes: "We are in favour of rapid statistics, widely distributed. It has a cost. Industry should know this. But if enterprises want something, they must be prepared to pay - even the smallest ones."

I ask if he finds Prodcorn OK.

"There is much to be done so it can be used more. For example, we don't have figures for '93. A large number of operators are waiting for more statistics of production. Production and trading are the two big statistics that industrialists are eager to use."

and will increase certain roles and responsibilities of Eurostat.

"It's a pity to see Eurostat putting so much effort into promoting Intrastat - by rules, methods, concepts and procedures - that industrialists are

It would be unthinkable if European industry caused delays in the field of information technology while deploring its lack of competitiveness in worldwide markets, or its incapacity to respond to customer requests in its own market."

ONE FLOW IMPLIES TOTAL TRUST

How, I ask, might Euratex react to the idea of recording just one flow - exports - in Intrastat 2?

Marchi: "We have to put this to our members. Such a change necessarily implies total trust among Member States



From left to right: Mr Bernard Bruyère from CIRFS, Nino Plateel from Eurostat (FND), Photis Nanopoulos, Director at Eurostat (Business and energy statistics, research and development, and statistical methods) and Jean-Louis Moray.

PEUGEOT-CITROEN DRIVING INTRASTAT TO BENEFIT FROM THE SINGLE MARKET

BY JEAN-PHILIPPE LACROIX

Jean-Philippe Lacroix, head of the customs dept of the GEFCO company, PSA Peugeot-Citroen Group, relates a positive experience of Intrastat.

The single market in 1993, and simultaneously the arrival of Intrastat were felt as a sort of break and, at the same time, a new challenge for the PSA Peugeot-Citroen Group. A challenge because it was essential to profit from the single market. A break because we had to change our systems, which were based on very old customs practices with customs services in the Group's plants themselves.

The old system was functioning well - continuously simplified with the active collaboration of the French customs administration, in order to integrate customs formalities to avoid interrupting the flow of work.

Introduction of global declarations reduced to a maximum extent the amount we were obliged to declare in support of statistical collection. We had our own customs data processing system fed by declaring teams located in each factory on the basis of information received from in-

voices, shipping lists, transit documents etc. All were reconciled at Group level before transmission to the French customs administration.

Similar systems were in place in Spain and the UK - the most important countries of Group operations.



Mr Jean-Philippe Lacroix is head of the customs department of the GEFCO company, Peugeot-Citroen Group. He graduated from the Institute of Political Sciences and the Economics Faculty in

Aix en Provence. He began his career in 1974 in the Customs and Indirect Duties Directorate. He took part as an expert in many international meetings. Within the GEFCO company, he is in charge of an advisory body on customs and excise and VAT.

He is regarded as an expert in fiscal representations. He is an associate professor in the economic sciences faculty at Maine University and also teaches at the ESLSCA.

When it became necessary in 1992 to think about a new system the task was not easy. We were obliged to forget old habits and to rethink completely the data collection for Intrastat.

On one hand, we had to keep EDP costs as low as possible and, on the other, we had to try and take advantage of the productivity benefits created by removal of frontiers between Member States. The challenge for us was to remodel our organisation plan



Members of Mr Lacroix's team: (from left to right) Mr Phillipe Roy, Mr Jean-Yvon Michel, Mr Jean-Louis Marcos, Mrs Sylvie Pierre-Bes and Mrs Elisabeth Reis

for intra-Community operations.

The decision of the French administration to group both fiscal and statistical information on the same document proved useful.

Thanks to this the Group could keep all its customs know-how, since the "exchange of goods" declaration is just a subset of the second sheet of the end-of-the-month customs declaration.

Two solutions were available: either to continue to take all information into accounts at the moment of physical arrival of the goods, or extract the necessary info from the company's books.

The advantage of the first solution was that we had almost nothing to change in our actual practice, but the disadvantage was that we had to maintain many people in place just for collecting the data.

HAPPY WITH OUR DECISION

We opted for the second solution - although it cost more in terms of EDP developments but enabled us to benefit totally from the advantages of the single market, thanks to important reductions in the amount of work.

Now, in the light of experience, we are happy we made this decision: the statistical formality is now almost transparent for the whole group.

We regret, however, that the Intrastat system has not been made smoother and simplified.

In our view, you should, on one hand, eliminate marginal data (very expensive in accounting terms) such as movements of goods with no payment attached, the repair of certain items etc, and, on the other hand, harmonise the information required in all Member States to facilitate transmission of statistics between suppliers and clients.

Despite the advantages of the new system, development costs for Intrastat are heavy for businesses. We hope that when the final VAT system is implemented, we shall not be asked to change things again.

The Grand Duchy of Luxembourg swarms with small, dynamic enterprises. For them Intrastat meant the lifting of customs procedures but the acquisition of a new "statistical burden". *Sigma's* Jean Drappier sees how one firm is coping...

SPORTING SUPPORT FOR INTRASTAT

"I have no problems with Intrastat." This is Ms Comes, of **Campo-Sport** in Esch-sur-Alzette, speaking. This firm is a long-established importer and retailer of all sporting items.

When you arrive in this little town in southern Luxembourg you can't miss Campo-Sport. Just face the town hall and it's on the left...

Ms Comes speaks surrounded by piles of goods. Is it difficult for her to supply statistical information for Intrastat?

"Not at all. No problem. The system almost works without me."

But at first?

"Yes and no. Before the opening up of the borders it was perhaps more difficult as we were obliged to do everything by hand."



But, I say, you must now declare many more figures than before?

"We had to organise ourselves - that's all. Now, I have no problem. My processing system gives me everything: prices, orders...so immediately I have everything I need for Intrastat, too. It takes about 10 to 20 minutes to start the programmes, but then everything works without me."

I suggest it might be useful if Intrastat could give her more precise feedback about her competitive position in her market.

"But certainly - it would be very interesting. We declare many figures - it would be useful if they could be fed back to us as part of an overall picture."

If, I want to know, the Intrastat system should change to

collect just one flow - exports, for example - would it upset her?

"For me it would be marvellous because I am almost a 100% importer. So, for me, go ahead!

"Certain people are always complaining about Intrastat. I keep in touch with three people in Intrastat at Statec (the Luxembourg National Statistical Institute)- they are all pleasant. If I have a programme problem, or need some explanation, they are always available. But if you treat the administrative system badly, you mustn't be surprised if they shout back."

Statistics as a management, marketing, strategic tool - what do you think?

"Of course. To be informed that I am first or second, I occupy such and such a place in the market - for all tradespeople that is useful.

"And, you know, I have discovered over this last period that statistics can be interesting. I found, in a recent Statec publication some very instructive things on time-use, unemployment... many things I never paid attention to before."

So, I say, you are really interested in statistics...

"They allow me to be a bit more curious. I find such information has much value. Before, we made many declarations without really knowing why. Sometimes the data fed back to us via the media, but we didn't really understand them.

"Now all that has changed - we see the use made of the figures we have given. We understand better certain changes. We can pick things up sometimes by looking behind, as it were.

"Statistics can help us. I find they allow me to understand more and more things. For my business, it's really good sport!"

EXPLAIN THE USE OF IT

ANOTHER VIEW OF INTRASTAT RECORDED BY JEAN DRAPPIER

For many tradespeople the usefulness of statistical declarations remains unproven. To persuade them will require a big communication effort - and imagination.

A shopping street in the centre of Luxembourg. Winter. Orange sunshine clings to the palace of the Grand-Duchy. The smart shops are full of expensive things to buy. The sound of Vivaldi drifts down the street.

The manageress of the luxury goods shop I am visiting is busy arranging her display. The fashionable salesgirls are surprised to see a man alone, a briefcase under his arm, in such a shop at this hour.

No names, but I am in a great house - famous in all capitals, customers all over the world.

The manageress - firm, kind and graceful: "Three years ago", she says, "I was pros-

trated in front of this desk under a stack of invoices. I had just received instructions from the statistical bureau of Luxembourg, specifying data to supply. I had an upset stomach. A friend, a Deputy at the European Parliament, suggested I took part in the next public meeting on Intrastat. When I did so, I brandished this compilation of thousands of nomenclatures. For use it's like the jargon of pharmacists. Starting from these codes we do the work of regrouping and reor-



organisation to arrive at what they want in Statec. We deal with hundreds of items, just in this house. Can you imagine the burden?"

I interrupt. "So the introduction of Intrastat has not made your life easier, if I understand you well?"

"On the contrary,! Hopefully, we shift responsibility to our carrier, who has made the necessary conversions and deals with a large part of these formalities for use. But this costs a lot."

"But", I say, "your carrier was doing this already - before Intrastat. He had to supply statistics to Statec with every customs declaration. But you didn't know the cost because it was included in a total."

"You are right", she admits, "but we are disappointed because nobody has explained to us the use of this statistical work - at the price it costs. National barriers had just fallen, we were waiting for an easier way of working - and it was the opposite: same paperwork in a different form..."

I repeat my line about information feedback: in return for what they provide for statistics, businesses get strategic information. It's a wealth of data about how to place themselves in the market, make key decisions...

The lady is confused. "If it works like that - if all you say will arrive does arrive. If it's so important for Europe...OK, we'll do it. Even with pleasure! But we should have an explanation about why it is useful."

We wish each other goodbye. Clearly a long way to go...

INTRASTAT SEMINAR

On **13/14 March** a seminar will be held on the Intrastat system. Organised by **Eurostat in Luxembourg**, it should bring together all those involved in Intrastat: government departments and enterprises and users and providers of information.

It is being held to lay the groundwork for the necessary adjustments in the light of developments in the European Union in monetary and, especially, fiscal matters, and to address the shortcomings of the system still showing after three years. Intrastat continues to be criticised because of the burden it imposes on operators.

Eurostat therefore plans:

- to analyse how the system currently works
- to identify information needs and constraints
- to study adjustments which can be made to the system with the aim of improving its operation and preparing for the future.

The seminar will seek to reconcile high quality statistics which users want with the greater simplification demanded by providers of information.

Participation is free. As there are limited number of places, it is first come, first served. However, the proceedings will be available on request afterwards. In addition to the reports of the participants, proceedings will include written contributions sent to Eurostat before 15 February.

Registrations:

The seminar will take place in the european hémicycle,
rue Fort Thüngen - L-1499 Luxembourg-Kirchberg.

For further information please contact:

Mrs L. Eisen DG IX-BOCC - JMO B2/71

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Change is in the air at Statistics Sweden - as fresh as the sea breeze that whistles through the streets of Stockholm. In our third and final profile of statistical offices of new Member States, John Wright talks to Director-General Jan Carling about the...



WIND OF CHANGE AT STATISTICS SWEDEN

Romantic Stockholm - Statistics Sweden, like most of the city, is not far from the sea.

When you go to Statistics Sweden (SCB) you expect them to be down-to-earth - to focus on key issues. It is the Swedish way. You are not disappointed.

Meet Director-General **Jan Carling** and it is soon clear which issues dominate his agenda: SCB's intensified customer-oriented approach - making it work - and (surprise, surprise) the statistical challenge posed by Sweden's very recent EU membership.

First 56-year-old **Mr Carling** on the EU:

"We are in the middle of discussing statistical developments in the 10 to 15 years ahead. It is a challenge just to mirror what is happening today. Our statistics, as in many other European countries, are a bit behind: better at monitoring society yesterday rather than today. This is hard to change.

"So if we manage just to monitor today's society we shall still have come a long way.

"One central responsibility we must see before us is more comparison among different EU countries...

"If you stay in the EU", I interject.

Mr Carling laughs. "Oh, I suppose we shall. It was a very close decision and there is some disappointment that food prices did not fall immediately. But we have to give it time.

"There is the question of how the EU will develop.

I wouldn't be surprised if progress were a bit slower in the next period after being very fast for some years. Then it might be easier for Sweden to cope with the EU."

We agree one major benefit of the EU has been peace in Europe after centuries of conflict. Carling: "It is very important to discuss this in Sweden: the discussion about membership has tended to be concentrated on economic aspects. We are not as sensitive to the peace aspect as most other Members, perhaps because we have been so remote from this century's wars."

What, I ask, does EU membership mean for Statistics Sweden?

"We have put a tremendous amount of work into cooperation with Eurostat - concentrating most of the resources available for international and development work on adjustment to EU requirements.

"But this is very natural - not only because we have become EU members but also because Eurostat is a powerful player in European statistics.

"I don't really see Eurostat as a client - perhaps wrongly; but as an international body we should cooperate with. We have to, of course, but this is very positive: I think the stan-



Jan Carling: "If we manage just to monitor today's society we shall still have come a long way."

dardisation of international statistics is a very rational thing.

"We don't get specially earmarked money from our government for this cooperation. We must fund it from our shrinking appropriations, down by 11% in the coming three years. And within this budgetary framework we also have to deliver domestic statistics as defined under various Swedish regulations. So it could mean a problem if there is more and more to deliver to Europe.

"So far we have been able to cope. But I foresee some very tough decisions ahead. If we are to go on satisfying both foreign and domestic statistical needs to the same standard as that of today, we may have to go back to government and ask for more money, and I am not at all sure we would get it.

"Personally I would be very unhappy if it came to the position of our starting to feel negative to everything new from Eurostat because of the strain we are under. But we are talking to the Ministry and the Minister and we have to find a solution.

Any other problems with Eurostat? The answer is no surprise.

"Intrastat. We have the same problems as other countries. We decided to introduce a survey to monitor the trade figures parallel to the Intrastat system. Without this supplement to Intrastat we would be in a very bad situation now.

"Overall, I think more things would be achieved if the NSIs were used more by Eurostat in the process of developing statistics."

CUSTOMER THE KING

We turn to another Carling preoccupation:

Traditionally Sweden has had small ministries and large and independent government agencies. Agencies - and SCB is one of the bigger ones - translate government policy into action.

In 1994 there was a radical change in the Swedish statistical system.

Carling explains: "Before the reform we had overall responsibility for almost 80% of official statistics in Sweden. Now we have 55%. Other government agencies have been given policy and budgetary responsibility for the rest but we still actually produce most of the statistics on commission.

"There are now some 30 agencies responsible for government statistics - transport, education, health, culture, you name it...

"This reorientation has led to a different attitude", says **Carling**. "The staff have had to realise it is the user who has final responsibility for the content of statistics - not only for those we relinquished to other agencies but also those for which we are still fully responsible.

"We have had to become much more aware of user needs.

"When I came here two-and-a-half years ago - before the change - there was still a lot of resistance to the customer concept. Some staff said: 'We're not a business firm - this is government and our responsibility is to the public not to some single customer or main user'.

"But this has changed. There is now a much more open discussion about customer needs and an acceptance of the idea that even quality is something to be decided by the customer."

Why, I ask, was the change made?

"The Ministry (of Finance) decided it could no longer cope with its role of managing statistics - with having to decide which statistics should and should not be produced; with trying to pressure SCB to be more efficient. This was part of a much wider government debate about public spending and how to introduce a more

market-oriented approach - for which read competition - into the public sector."

SCB also accepts commercial clients.

Carling: "We don't do nearly as much for the private sector as we could. We're not yet fully comfortable with the idea of going out and offering our services. Also it's more natural for private enterprise to use private firms for statistical surveys. And then, of course, we don't do just any kind of survey: for example, not brand testing to be used in advertising which might threaten Statistics Sweden's reputation as an independent agency."



SCB has no hang-ups about older people - average age of our staff is 47 in Stockholm. People of this age tend to work harder than when younger: they are free of children and can manage longer working hours. They are not ill as frequently, catching things from their children. For the future it might be a problem but for the moment we gain. They are very experienced and anxious to follow the new signals. Being an agency means we can appoint anyone we want and have as many as we want.

Gösta Guteland, Deputy Director-General.



Mr Carling, a career civil servant and economist, was clearly carefully chosen for his job. Before becoming head of SCB he was head of the government agency responsible for rationalisation of the public sector.

STATISTICAL AMBASSADORS

The Swedes are renowned for assistance to the developing world - in statistics as well as in other fields.

"Statistical assistance is a Swedish tradition", **Carling** says. It amounts to about 40 million kronor a year.

"Besides the professional achievement involved, it is an invaluable opportunity for our staff to gain a broader view of life. A lot of people are interested in this sort of experience

So, we agree, SCB can't act wholly like the private sector.

What does SCB do with the money earned from customers?

"We invest it in new kinds of statistics and we are allowed to set aside some of it as risk funds but not a great deal. If we make too big a profit the Ministry of Finance steps in and takes it off our hands.

I ask jokingly: So you're not allowed to invest in the Cayman Islands?

"No", he laughs.

I want to know how much money is made from customers.

"About 50% of our turnover - a little over 300 million kronor per year. Much of this is still government money; we just get it another way."

Presumably, I say, the government's assumption is that customer-orientation is making the whole statistical system in Sweden more efficient?

"Yes. And I think they are right.

"The change is not over: we have a lot more to do. Where there is still any resistance from staff this is due more to having to change work habits than anything else. As always there are a few individuals who are not very happy about the innovations."

I have followed the development of Statistics Sweden's international consulting since the start at the beginning of the 1980s. It has become a highly-professional organisation for assisting statisticians and statistical institutions in developing countries. The effectiveness of Statistics Sweden can, in my view, to a large extent be attributed to the methods used in co-operation with other institutions.

Göran Andersson,
management consultant.

- it's a way for us to compete for staff.

"Our people are put into challenging situations and that's good for the vitality of our work.

"We use a two-part model for assistance projects. One is short-term missions where people go out for two or three weeks and then back to their normal jobs. The other, longer type of mission we regard as cooperation between our institution and other institutions. We call this 'twinning' and feel we achieve much more by building up a solid long-term relationship.

"And, yes, we do make money out of it: not a profit but black figures, if you like.

"Of course, the effects are not only positive. There are problems as well. For instance, many developing countries are interested in national accounting competence, but we have



The international assistance team.

difficulty recruiting such experts in Sweden so this creates competition for available resources.

"We're active in about 20 countries - in Africa and Asia, Russia and the Baltic States.

"Our biggest success? Well, the usually very demanding Swedish international development authority is normally very positive about our statistical projects compared to many

others. We have quite a successful project in Laos. They held a census this spring - a big challenge for us - and it seems it ran very smoothly with results from all parts of the country. We have two long-term consultants there and many short-term ones who come and go, not only for the census but also to help build the capacity of the statistical bureau.

"We are also beginning an involvement in South Africa - maybe in several statistical fields including a census.

"It's all very character-forming for Statistics Sweden!"

CARLING ON POLITICIANS

I say it seems a fact of life that in some countries politicians occasionally try to get their sticky fingers on official

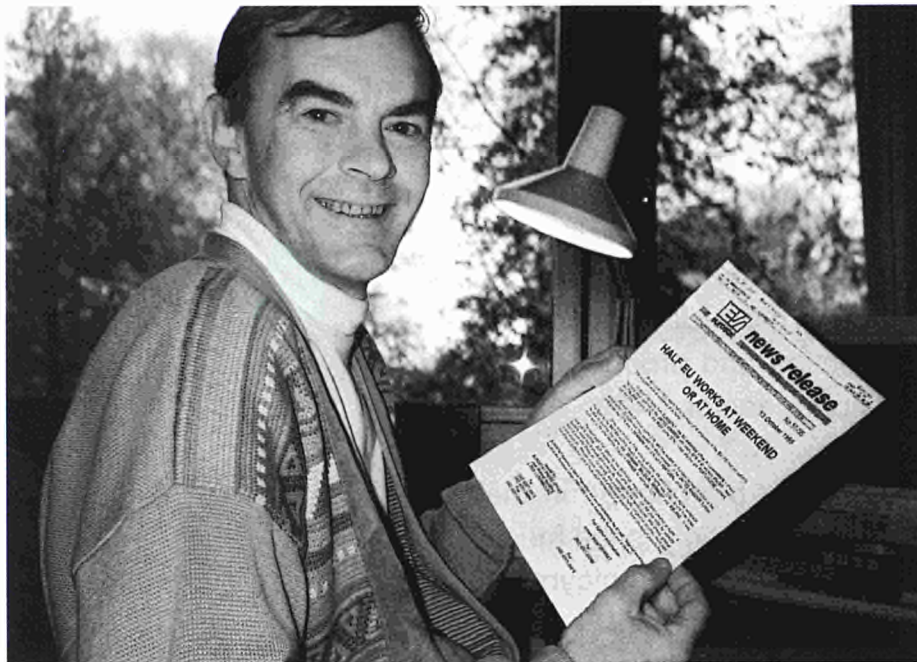


Carling visits SCB's assistance programme in Laos.

statistics - to influence either the content or timing for short-term political gain. Do they in Sweden?

"I would say it's not a problem at all. They may influence what we do via the budget and, of course, they are mandated to tell us we should stop producing a particular kind of statistics, but normally that is all. During my time here a Minister did once 'phone to say he would like to have some figures before normal publication time. He didn't get them. We don't give figures in advance - not even to the responsible Minister, or even to the Prime Minister. He sees them at the same time as everyone else."

But, I want to know, could the government change the rules?



Helge Thelander, head of the information section, processes a Eurostat news release.

"That would create a debate that would make it impossible. If you want to influence an agency like SCB you must do it openly. Of course, you can never stop a Minister 'phoning with a hint but I have never experienced this."

CARLING ON A STATISTICAL WEDDING

Finally, I turn to other key issues that SCB feels it should be measuring or measuring better.

Carling: "There is a lot of interest in Sweden in green accounts and that is one area where we are getting more money from government. In this area we are working with two other agencies dealing with environmental protection and short and medium term economic forecasts.

"We have reached a stage where we'd rather talk about 'greening' our national accounts.

"I think still more interesting for Sweden is the marriage between the social and economic



Gudrun Sundquist has recently returned from a secondment to Eurostat in Luxembourg. She is pictured here with Frederik Theodor Berg, first head of SCB

sectors - the discussion about production within households and the informal sector, and even within the public sector. We don't have very good statistics on the public sector and I think we should be more ambitious in producing data about production and productivity in the public sector.

"Another big change in the Swedish economy is the much higher rate of unemployment (7.6% in October '95). We need better statistics on the mechanisms of the labour market - how jobs are created, how people are established in the labour market, and how they leave it.

"Sweden is taking in a lot of immigrants. What are the effects on Swedish society? They are excessively affected by unemployment. There is in Sweden today a discussion about immigration policy and a



Food for thought. Lunchtime for the Swedish number-crunchers.

level of criticism we did not have 10 or 15 years ago. We need statistics to inform this debate, especially as it is such a sensitive issue.

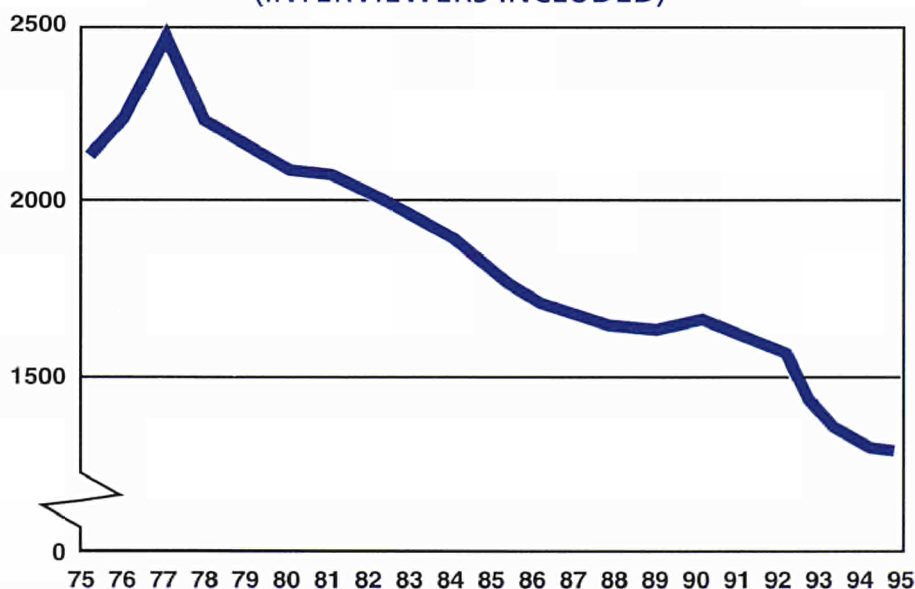
"Then there is a discussion going on with the Minister responsible for gender issues about the salaries of men and women. We have good statistics by gender on employ-

ment and education but not on salaries. This is a very central issue and we need better data."

The interview ends. You are left with the feeling that with Sweden now fully on board, European statistics may well be due for a touch of the turbo - a concept they also introduced to the family car!

NUMBER OF EMPLOYEES

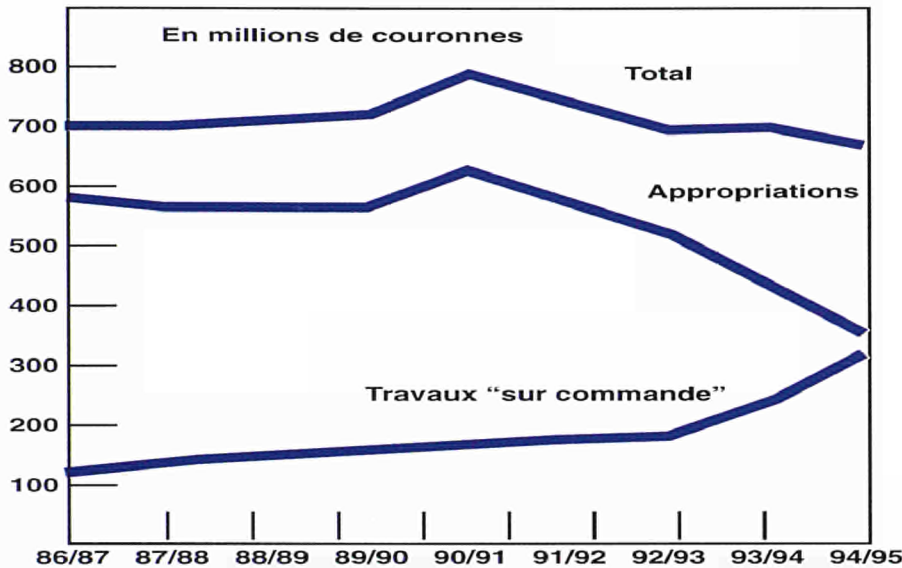
(INTERVIEWERS INCLUDED)



SCB staff now number around a half of the 1977 total - achieved by natural wastage with no redundancies.

STATISTICS SWEDEN.

TOTAL TURNOVER, CONSTANT PRICES. BASE YEAR 1994/1995



It shows the rise of 'client' work from one seventh of total turnover in '86/87 to a 50/50 split with direct government funding in '94/95.

*We are selling - competing for business, trying to convince the agencies it is best to keep statistical production with us. **SCB Deputy Director-General Gösta Guteland speaking.** The staff are thinking much more like business people than before. For some it has been difficult but for many something new and interesting. A large number have accepted the new ethos and work for it very hard. We have a training school here with part of it devoted to marketing. A hundred of our 1300 staff have passed this course. We had a large surplus last year on our commissioned work.*

SPOT OF HISTORY

The roots of statistics in Sweden lie partly in festering sores and personal hygiene.

In 1749 the King of Sweden decided on a population count to see how many potential soldiers he had. The census was carried out by the parish priests.

When the data came in a debate opened up about health and the reasons for the very high death rate - pneumonia and whooping cough were taking a big toll but peo-

ple were also dying in droves from boils.

Advice was fed back to the people through the same parish priests on how to avoid falling ill - for example, tips on personal hygiene, like washing their hands after going to the lavatory.

So the understanding by politicians that statistics could be used to identify problems and develop solutions developed very early in Sweden. And Sweden and Finland are

the only countries with uninterrupted national population registers dating back to the middle of the 18th century.

In 1999 they will thus celebrate 250 years of statistics. Some other highlights are:

1858 Central Bureau of Statistics formed. Takes over from the Bureau of Tables and in time adds to population statistics, with data on agriculture, municipal finance, savings banks and real estate - the foundation of a modern statistical system.

1962 Centralisation of nearly all government statistics under SCB.

1992 SCB, now called Statistics Sweden internationally, becomes increasingly market-oriented.

1994 Responsibility for half of official statistics devolved to around 30 government agencies but with Statistics Sweden responsible for producing most of them, although agencies free to go elsewhere if they wish. SCB retains direct responsibility

for the other half, mainly macro-economic. It keeps a coordinating mandate for the entire system of official statistics. SCB undertakes more commercial work than any other national statistical office in Europe.

Pictured is here **Pehr Wargentín** (1717-1783), regarded as the father of Swedish statistics.

As Secretary of the Royal Swedish Academy of Sciences for 33 years, he more than anyone else is given the credit for founding and organising Sweden's population statistics.

1755. Oct. Nov. Dec. 247

Sjukdomar och döds tillfälligheter, som äro uptagne uti Sventka Tabellerna.	Proportionerna af deras antal, som dö uti hvar sjukdom.			
	i hela Sverige.	i Stockholm.	i London.	i Berlin.
Koppor (<i>variolæ</i>) Messling (<i>Morbilli</i>)	1358	817	843	1041
Kik-hosta (<i>Tussis convulsiva</i>)	319	143	—	—
Ändra Barn-sjukdomar	1403	1044	3826	3390
Lungfot och andra Bröst sjukdomar	1414	1668	1667	1919
Häll och fling (<i>Pleuritis</i>)	817	256	22	89
Hetlig Feber (<i>Febris acuta</i>)	717	1282	1370	688
Fläck-feber (<i>Febris Petechialis</i>)	46	69	—	103
Fräfs-feber (<i>Febris intermittens</i>)	185	479	3	9
Mag-sjukdomar och Colique	431	283	161	25
Rödfot, (<i>Dysenteria</i>)	578	152	—	57
Vattufot (<i>Hydrops</i>)	247	315	405	534
Gultfot (<i>Icterus</i>)	45	25	48	20
Tvinfot, Miåltfjuka	198	93	5	18
Sten-och Njur-passion	29	35	40	66
Blodtlörtning (<i>Hæmorrhagia</i>)	57	62	—	80
Ros, (<i>Erysipelas</i>) Podager, (<i>Podagra</i>)	—	—	—	—
Skörbjug (<i>Scorbutus</i>)	50	85	21	—
Kallbrand (<i>Sphacelus</i>) Kräfte (<i>Cancer</i>)	49	57	101	15
Ledvärk, torr-värk, Gickt, <i>Ijsbias, Arthritis</i>	166	140	22	59
Slag, tlick flufs, Brädd, (<i>Apoplexia</i>)	367	2056	86	1001
Älderdom och brakelighet	1097	571	715	20
Barnsbörd	138	162	99	143
Barn, vädeligen quåfde af mödrar och ammor	76	9	40	—
Mördade, barn få väl som äldre	8	12	2	—
Drunknade	100	81	37	—
Sjelfspillingar	8	6	19	—
Afrättade misfgärningsmän	11	20	6	—
Omkomne genom allahanda vädeliga händelser	86	78	41	—
Ärskälliga Sjukdomar, som på våra Tabeller ej äro särskildt upptecknade.	—	—	415	723
Summa	10000	10000	10000	10000

An early statistical table on causes of death in Sweden.



He was also an astronomer and built and headed the Stockholm Observatory - clearly far-sighted in more than one respect!

Wargentín wrote in 1766 with no false modesty: "As yet there are no other population statistics that are as well organised as our Swedish ones, and that function for a whole country."

PROFILE OF NEW StBA PRESIDENT

STATISTICS ARE FOR PEOPLE



Johann Hahlen (53), new President of the German Federal Statistical Office in Wiesbaden (since October last

year), is determined to keep German official statistics on a high level despite current budgetary restrictions.

As **Barbara Jakob's** interview with him on Intrastat on Page 18 shows, he is nothing if not outspoken...

Like his predecessor, Hans Gunther Merk, Hahlen's professional background is as a lawyer. He studied jurisprudence in Freiburg before joining an attorneys' office in Cologne in 1970.

He says modestly that he might have imagined himself as a district court judge in a small town in Baden-Württemberg where he spent his childhood. But his career took a different path.

In 1972 he joined the Federal Interior Ministry. He worked in different sections before becoming a scientific staff member of the CDU/CSU parliamentary group in 1983. When he returned to the Ministry in 1988 he was appointed head of the budget section and then of the sub-division dealing with the constitution and constitutional law.

SAY IT EVERY MORNING

Apart from budgetary challenges, Hahlen has to manage the relocation of the Berlin office of STBA to Bonn.

He has no particular strategy for STBA, he says. But, of course, he has targets. One of the most important is to tailor official statistics more to the needs of respondents and users.

Statistics, he says, do not exist for their own sake - but for enterprises and for people. And he believes this idea of service should be "repeated to ourselves every morning".

Only then, he believes, will respondents accept the statisticians' need for information. "We have to make them understand we do it for them and not for some bureaucrat in Bonn, Wiesbaden or Luxembourg."

This is why he wants what he calls the "treasure of data" made more available. "In our information society access to our data should be as easy as possible." One of his aims is simplification of the use of the German statistics database Statis-Bund.

As far as requests for "tailor-made" statistics are concerned, he wants to take advantage of the greater experience of the NSIs in the Netherlands and the Nordic countries.

Another Hahlen goal is to keep German statistics in line with social developments, therefore he plans to increase STBA's activity in the field of energy and the environment, especially "green" accounting.

As a strong supporter of European unification and of economic and monetary union,

Johann Hahlen is keen to contribute actively by providing appropriate statistics. He would see any interruption of the process as a "disastrous setback".

He wants Germans to work intensively for unification but admits that "sometimes we are not as constructive in Europe as we pretend to be". Although he says he supports the EU unconditionally, nevertheless he sometimes wishes to apply the brake where European statistics are concerned.

Statistics essential for the single market and for economic and monetary union have to be produced - of this he has no doubt. But much more than this is a "luxury" and we should keep our fingers out of it.

It is important, he adds, to show respondents the usefulness of EU statistics - and not give them the feeling that European bureaucracy is demanding more and more data for its own sake.

Repeatedly throughout his career Hahlen has proved his readiness to face a challenge - and this is certainly how he is approaching his new role as President of the Statistisches Bundesamt.

TRADING ON THE PAST

BY JORIS NOBEL AND JAN VAN DEN ENDE



Punch-card operators at Statistics Netherlands in 1920s

What lessons about Intrastat can we learn from the redesign of foreign trade statistics in the Netherlands 75 years ago?

Statistics Netherlands (CBS) assumed responsibility for collecting, processing and publishing Dutch foreign trade statistics in 1917. Their quality had frequently been subject to criticism in the 19th century when the customs authorities and the Ministry of Finance were still in charge. The circumstances of the First World War created a

pressing urgency for change. Legal foundations were established, methodologies developed. The availability of new punch-card machinery made a complete redesign of the statistical production process possible.

“A SEA OF UNTRUTH”

The state of Dutch foreign trade statistics in the 19th century is aptly summarised in the following quote from the Dutch Journal of Social Geography in 1912:

“Exports and transit trade statistics are unreliable, constitute a sea of untruth; these are no unconscious impostures; on the contrary, with the full knowledge and the general recognition that our trade statistics are ridiculous, foolish and untrue, the government continues to assign to its civil servants the useless task of the composition of the present trade statistics, on which each year, in the true sense of the word, considerable expenses are being wasted.”

Somewhat less flamboyantly and more analytically, the main shortcomings of the traditional trade statistics were said to be the lack of a legal response obligation and valuation of the traded commodities.

Transit trade entered the statistics of imports and exports proper in disguise. And since

1847 the goods had been valued at their official 1847 prices.

In 1916 it all changed. The system of fixed 1847 values changed to current values; countries of origin and destination were to be defined more precisely; and a statistical levy of 1 promille was introduced on the value of imports and exports.

In 1917, when introducing the new system of foreign trade statistics, their new head concluded: "It is better not to revel in false appearances; with statistical truth the country is served best."

JHF Claessens, the head of the statistical bureau at the Ministry of Finance, and twelve of his employees were transferred along with their task. They constituted the new CBS department of foreign trade statistics together with 50 new civil servants.

Both the massive amount of data and the fact that they were prone to error in manual processing had led Claessens to investigate new ways of processing. He visited the *Kaiserliches Statistisches Amt* in Berlin in 1912, 1914 and 1916. He felt strongly attracted by the Hollerith method. On the last visit, Methorst, the Director of the CBS since 1906, accompanied him. In the same year CBS signed a contract with Dehomag, the *Deutsche Hollerith Maschinen Gesellschaft*, for two tabulating machines, four sorting machines, and 26 card-punching machines.

The CBS was the first organisation to introduce Hollerith or punched-card machines in the Netherlands.



Tabulating machine, still without writing mechanism: results had to be noted manually on long lists... 1918.

In preparing the budget for the reorganised trade statistics, the Hollerith method turned out to be the least expensive of the methods considered. Until the 1930 population census the CBS used punch-card machines only for foreign trade statistics. Some factors seem to have been relevant:

- the large amount of data: under normal circumstances 4 to 5 million punch-cards would

be processed each year; data were entered at a rate of 250 to 300 cards per hour.

- the complexity of tabulating: many higher dimensional tables had to be compiled; the perspectives and requests from industrialists, traders, transporters, government and researchers could be quite specific.

- the precision required by users: With the 1937 budget,

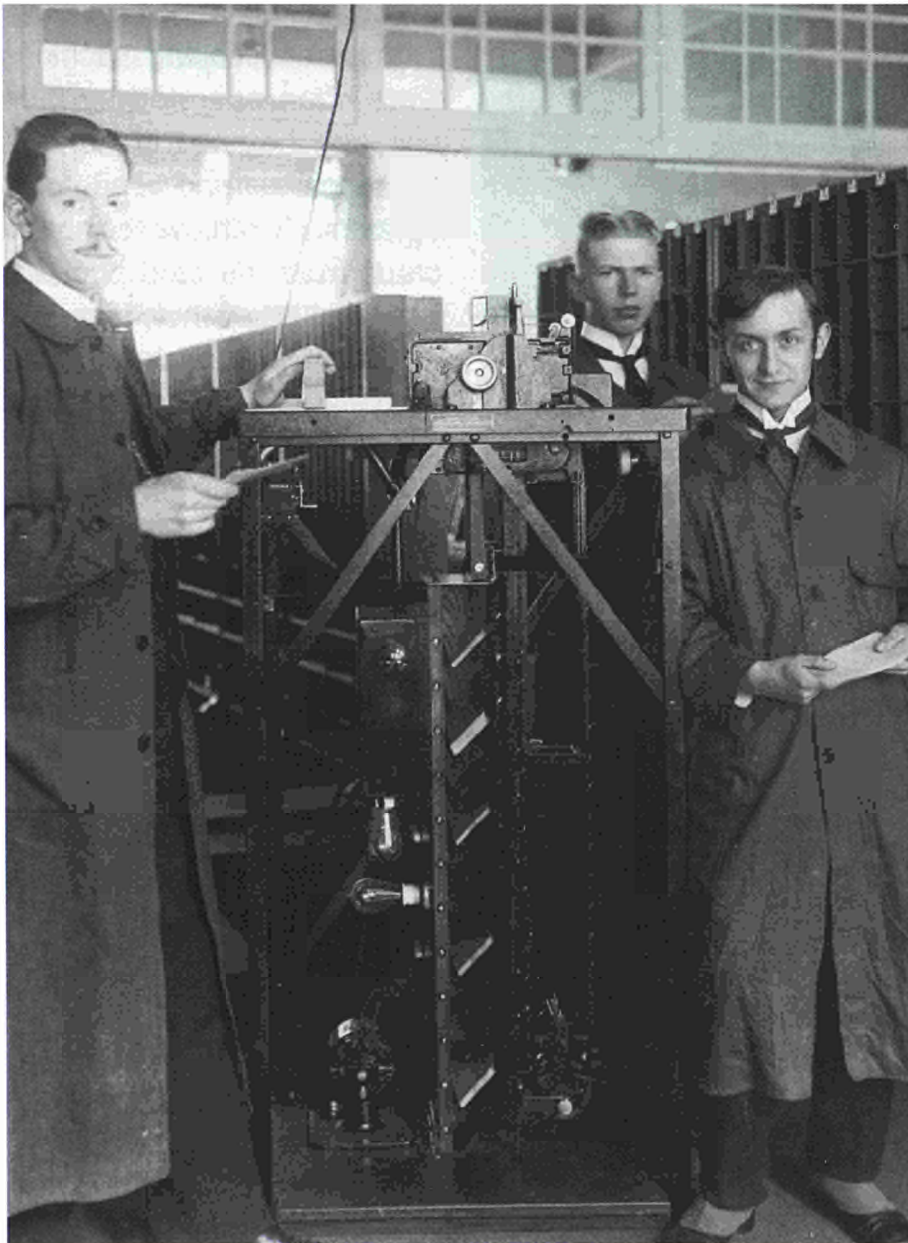
the CBS wrote that as a statistical bureau it did not require 100% accuracy itself. However, the government, and to an even greater extent, trade and industry, wanted detailed and accurate figures for planning purposes and for the development and monitoring of economic policy: 30 types of bottle tops, 16 types of hospital furniture, 96 types of dyes, 123 types of synthetic scents etc were identified.

- the required processing speed: results usually appeared around the 15th of the month following the reporting month.

- the relative complexity of the mathematical adding operation in contrast to simple tallying and counting as in many other statistics.

- the relative prices (and their development) of machinery and manual labour at the time.

However, organisational and cultural factors were also involved. Of course, the transfer of the trade statistics to the CBS and the leadership by Claessens and Methorst had given a specific impetus. On several later occasions Methorst spoke to his department heads to promote the use of punch-cards machines. But even in 1937 the Criminal



1920: the first sorting machine. Card pockets are still placed vertically.

THE STICK AND THE CARROT

It is tempting to compare the 1917 redesign of Dutch foreign trade statistics with the present situation, where Statistics Netherlands aims at similar progress in the field of foreign trade statistics and business statistics in general. So let us conclude by drawing some tentative lessons.

1. Clearly the importance of statistical leadership is shown, both in an organisational and in a personal sense. In 1917 the Central Bureau of Statistics was the authority that was to restructure and improve foreign trade statistics. Claessens and Methorst were the people who made this redesign succeed by their commitment.

2. Entrepreneurial and innovative use of the opportunities of technology can result in significant improvements of quality and reduction of costs at the same time.

3. The right level of ambition, in detail and accuracy, is hard to define and achieve, but must be re-considered occasionally. From a statistical point of view, and from the perspective of response burden, a 100% coverage and accuracy are unnecessarily ambitious. But at times specific uses and users need them. Are they worth the cost?

4. High-quality response needs political and legal backing, but cannot be enforced by legal obligation only. Both the stick and the carrot have to be applied. Business has to be convinced of the usefulness and quality of foreign trade statistics.

5. If the government and the public want high-quality statistics, they have to be ready to

invest in them. In times of urgent need this readiness may and must be greater than at other times.

6. International cooperation between statistical offices leads to best practice.

7. A continuous effort is required for personnel to be able to deal with technical innovation.



Sorting machines at Statistics Netherlands in 1920

All photos from the CBS Museum Archive.

Joris Nobel works on the policy staff of Statistics Netherlands. He can be reached on the Internet at JNBL@CBS.NL

Jan van den Ende works at the Technical University in Delft where he published a PhD thesis on computerisation in Dutch society. Statistics Netherlands was one of the four cases studied. He can be reached on the Internet on JvandenEnde@WTM.TUDe1ft.NL

The views expressed in this article are the responsibility of the authors. They do not necessarily reflect the policy of Statistics Netherlands.

STATISTICS DENMARK BECOMES MORE 'USER FRIENDLY'



There is a new organisation at Statistics Denmark. The man behind it is new Director-General Jan Plovsing, in the job since 1 April 1995. He explains to Sigma what it's all about . . .

Coming from the outside world ie National Institute of Social Research, I did not find the organisation clear enough. For example, part of business statistics were merged with

general economic statistics in one directorate, and dissemination was split into different directorates. Users found it difficult to gain an overview of our production and the organisation did not seem logical to them. The changes really had to be made quickly because the outside world is not very patient.

The aim is to strengthen quality and efficiency of professional work by making the di-

rectorates and units homogenous in work and subject area as well in size and staff. Three directorates are now specialising in production of statistics, covering statistics on persons, business statistics and general economic statistics. A new fourth directorate, User Services, is serving external as well as internal users. A new management secretariat is strengthening international statistical collaboration.

Changing the organisation, of course, does not change the way we work, but it is a prerequisite for further improvements such as introducing target and result management. This strategy - Strategy '96 - will follow as a second step and will ensure that everybody knows the direction in which we are moving and how we are serving the public.

With the new organisation, we hope to achieve a clearer organisational structure. From a user's point of view it is important to be able to get a quick overview of where to address a request or a problem. From Statistics Denmark's point of

view it is important that the signals to interested parties and the public are clear and unambiguous. The new organisation does this in respect of, for example, the commercial sector, the research sector and the public sector.

It all reflects our will to serve users and tells them that we care about them. But a change in organisation is not enough to improve user-orientation. It should be followed up by a positive attitude by the staff and a precise knowledge of the needs of our users. They are the reason we exist.

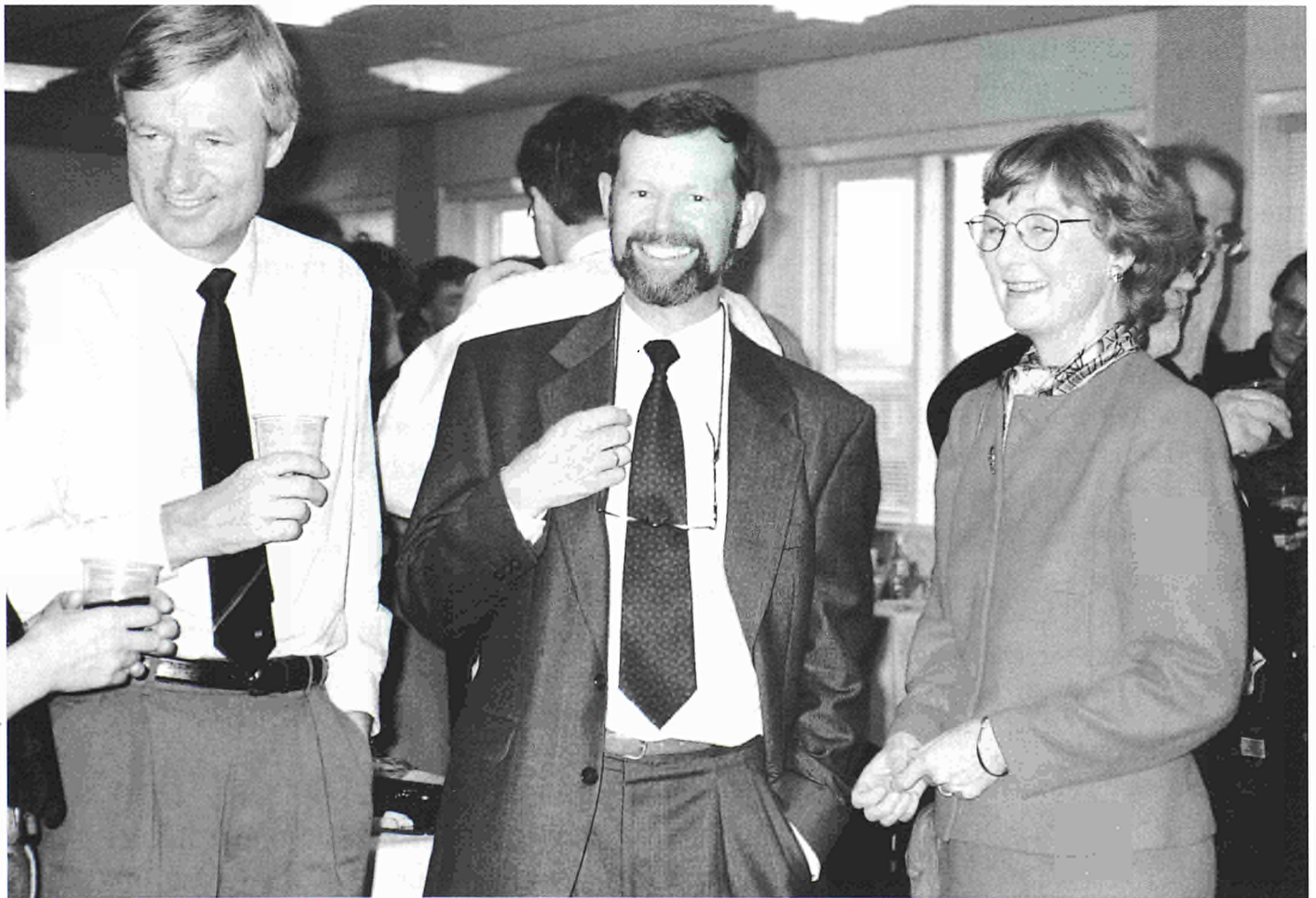
Most important changes? Statistics on environment and energy are merged in a new division in order to prepare them for considerable developments over the next few years. Statistics on the services sector - wholesale and retail trade, transport, tourism etc - are merged in a new division to improve coverage of this large and growing area.

All business statistics - general and specific to sectors - are merged in the Business Statistics Directorate; and user services, such as the customer centre, systems ex-

port, publishing, research service, data banks and the IT-centre, come together in the new User Services Directorate.

What about resources? Well, in a situation of reducing grants and increasing importance of income from clients, all I can say is that some units will be treated less severely than others.

The important thing is that the staff have given the new organisation very constructive support. They agreed the changes were necessary.



Mr Plovsing (centre) pictured with Mr Lars Thygesen, Director of the new User Services Directorate and Mrs Inge Feldbaek, soon to be head of the new unit for statistics on services.



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- Net migration also falling
- 20 Tax and social payments 1994
- Highest and lowest EU countries
- 27 EU annual inflation: 3.1% in August

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- 10 EU unemployment in August: 10.6%
- 13 Half EU works at weekend or at home
- 20 Europe eats more farmed fish
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- 30 EU GDP up 0.3% in the second quarter '95

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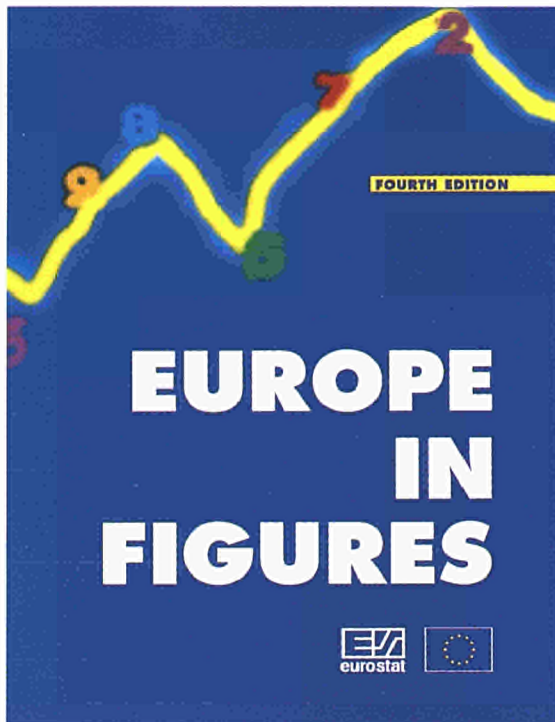
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