



SIGMA



**Paving the way
for accession**





Accession pioneers

Pictured here in Luxembourg are some of the first trainees from national statistical institutes and statistics-providing agencies in Central Europe sponsored to work at Eurostat. This study-placement scheme of up to six months started in January 1996 in the framework of the Phare programme. It will extend to up to 30 trainees at a time. Aim is to familiarise Central European countries' NSIs with the workings of the European statistical system.

This group worked in Eurostat's Directorate B, gaining experience in financial statistics, balance of payments and non-financial accounts. From left-to-right: Andrus Alber, Bank of Estonia; Ilona Cserhati, Hungarian CSO; Youlia Antonova, Bulgarian NSI; and Pal Pozsonyi, Hungarian CSO.

From left-to-right: Miloslav Chlad, Czech Statistical Office, who worked in E4 on regional accounts; Jordan Totev, Bulgarian NSI, and Anne Herm, Statistical Office of Estonia, who both worked in E4 on demographic data collection; Slavice Cerne, Slovenian Statistical Office, attached to C2 on transport statistics; and Nataša Gorjan also from the Slovenian Statistical Office, who was in A5 (Technical cooperation with Phare and Tacis countries).



Nataša Gorjan and Andrus Alber describe their experiences on pages 39 & 41.

Sigma – the bulletin of European statistics produced in Luxembourg by Eurostat

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Published by

Office for Official Publications of the European Communities

Catalogue number
CA-AB-97-004-EN-C

© ECSC-EC-EAEC
Brussels • Luxembourg 1997

Printed in Luxembourg

Views expressed in *Sigma* are those of the authors, not necessarily those of the European Commission

Sigma is available free of charge from:

Eurostat

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Statistics will promote enlargement

by Photis Nanopoulos

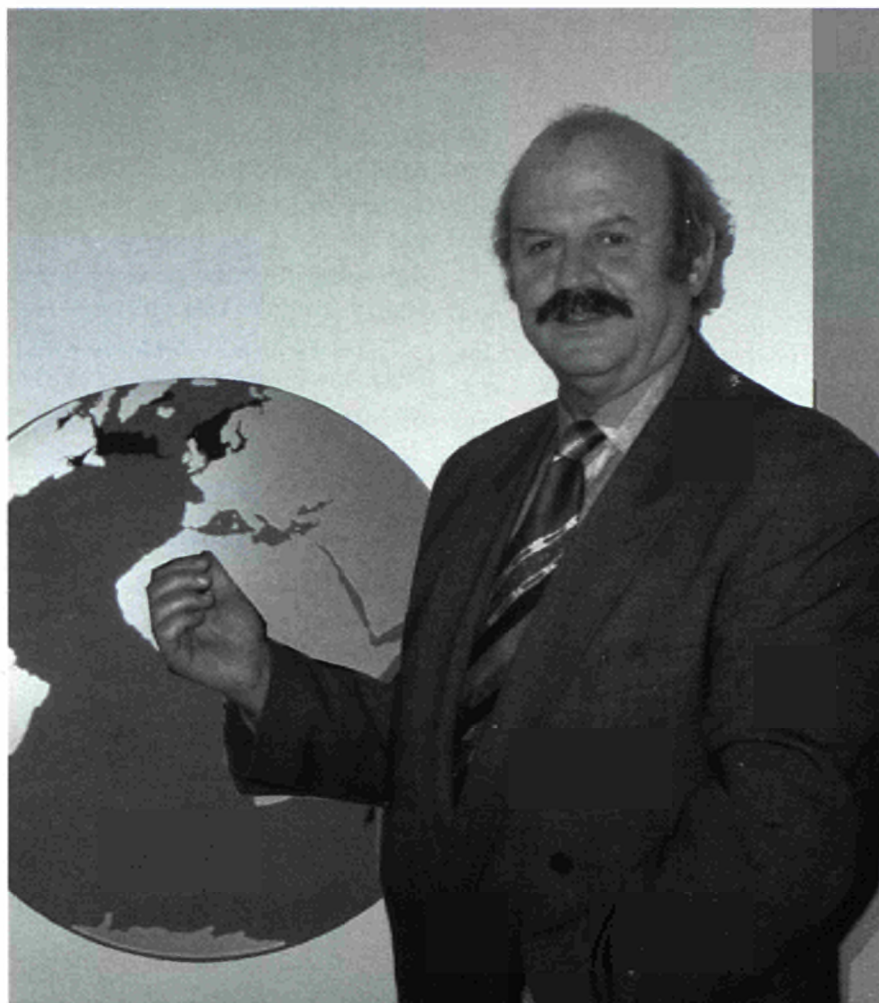
Enlargement together with Economic and Monetary Union is one of the most important and historic challenges faced by the European Union. Ten Central European countries (Estonia, Latvia, Lithuania, Poland, the Czech Republic, the Slovak Republic, Hungary, Slovenia, Romania and Bulgaria) and Cyprus have applied for EU membership.

The sheer number of applicants alone is a test for the EU.

Full enlargement would represent a growth of more than 30% in the Union's population, well over a hundred million new citizens. And Central European countries have emerged from another political system, which has had a tremendous impact, among many other things, on their statistical systems.

The Commission in July 1997 gave its Opinion on the membership applications by these countries, which represent the overwhelming majority of the Phare region. It recommended that accession negotiations should begin with Hungary, Poland, Estonia, the Czech Republic and Slovenia. Cyprus had already received assurances about negotiations from the European Council following the positive Opinion from the Commission in 1993.

The Commission's Agenda 2000 also contains proposals for the reform of EU policies (eg the Common Agricultural Policy), sustainable economic growth, employ-



Photis Nanopoulos is Eurostat Director responsible for technical cooperation with Phare and Tacis countries

ment, social cohesion, structural funds and reinforced pre-accession strategies. Compilation of this Opinion together with its statistical annexes is proof of how the European statistical system can perform: Eurostat was able to obtain in time from all candidates all the data required.

Though recommending immediate accession negotiations in the case

of only six of the countries, the Commission made clear it would continue, as before, to work with all candidates. This means that statistical cooperation will continue independently from the outcome of the December summit, which will decide those countries to go through to the next round of negotiations. As history proves, the opening of such negotiations has little connection with

their duration or date of final accession.

The year 1997 has seen some dramatic changes in cooperation between the EU and Phare countries. In March, the Commission adopted a communication on new orientation of the Phare programme as a basic accession instrument. In Agenda 2000 the Commission also proposes a new financing framework and work mechanisms for applicant countries. Such reinforced strategies will have an impact on statistical cooperation, the main items being Accession Partnerships and pursuit of the Europe Agreements process whereby Eurostat becomes increasingly involved. Agenda 2000 also stipulates that candidates should, by the time of accession, comply with the *acquis communautaire*. The *acquis* has become substantial and Eurostat will have to make a major effort to help our partners reach full compliance.

Preparation for enlargement also means extensive negotiations. The statistical system – both Eurostat and Candidate Countries – has an obligation to support these negotiations as well as those in the framework of the Europe Agreements.

Eurostat has cooperated with the applicant countries more closely than with any country in its history. It has done so on a broad basis since 1989 – the earliest possible after the political changes that brought us to this stage. Such cooperation has already yielded extremely good results and we shall continue to streamline it towards accession needs to be sure we are ready in time. It has already been said that statistics will present no obstacle to accession. Today we want to go further and add:

Statistics will promote and help the accession process.

In this issue of Sigma...

This issue of Sigma is dedicated to statistics and EU enlargement. The context is well known. Eleven countries have applied for membership: the Czech Republic, Estonia, Hungary, Poland, Slovenia, Bulgaria, Latvia, Lithuania, Slovakia, Romania and Cyprus. The European Commission has recommended opening accession negotiations with the first five. Cyprus received positive assurances on accession negotiations from the Council in 1993.

In the following pages we...

- *illustrate how Eurostat and Candidate Countries (CCs) are cooperating*
- *emphasise the role of statistics in the accession process, and*
- *highlight the statistical efforts of CCs in preparing for EU membership.*

Final decision on countries to be included in the next round of negotiations was due to be taken by the European Council on 13 and 14 December 1997. In these circumstances, we decided not to focus entirely on the five Central European countries recommended by the Commission plus Cyprus but also to take a look at the other candidates (including a focus on the Latvian Central Statistical Bureau; see page 33).

Our aim is simple: we hope to help you learn a little more about the progress of statisticians in all CECs and Cyprus towards the goal of EU membership, and what they think about the enlargement process.

Enthusiasm among CCs for accession and, particularly from our point-of-view, statistical cooperation is manifest. Here are some typical comments selected from articles in this issue:

- *"We have been trading with Europe for a long time. Most of our tourism is from Europe. Although we belong geographically to Asia, we are culturally European with our economy to European standards. I think by joining the EU we shall have more prosperity and stability – both political and economic – as part of a bigger 'nation'." – Dr Evros Demetriades, Director of the Department of Statistics and Research, Cyprus.*
- *"We have always felt part of Europe. I don't want to imagine us outside. I am positive we shall rise to the statistical challenge." – Cecilia Pop, Head of National Accounts, National Commission for Statistics, Romania.*
- *"I think the majority of Poles are convinced about joining the EU. I think the feeling of being a member will be very important." – Bozena Jakobiak, National Accounts Director, Central Statistical Office, Poland.*
- *"Most of our people hope we shall join the EU. One sign of this is our commitment to EU statistical standards. Only statistics can show how much we fit into the EU framework." – Jonas Markelevicius, Deputy Director, Department of Statistics, Lithuania.*

Fons Theis
Fons Theis
Assistant chief editor

The European Commissioner in charge gives Sigma latest state-of-play¹ on the accession process – and underlines the importance of statistics.

Challenge of EU enlargement

by Hans van den Broek²

Enlargement is a central part of a challenging and ambitious agenda that the EU faces in coming years.

Last July the Commission published its Opinions on the applications from 10 countries in central and eastern Europe as part of the Agenda 2000 report. These set out the Commission's view of the development of the EU and its policies and also proposed a number of reforms. These concern the structural funds and Common Agricultural Policy (CAP), as well as the financial framework for EU activities in the early years of next century.

On the financial side, it should be possible to finance enlargement within the existing budget ceiling of 1.27%. It is time to pursue the reform of the CAP begun in 1992. Agenda 2000 proposes a gradual reform aimed at bringing EU prices more in line with world prices.

On cohesion, the Commission suggests reform of the structural funds to focus assistance on a smaller number of priority areas. The prospect of enlargement, with new countries of varying levels of development, makes it necessary to reduce disparities throughout the Union. Since future members need to prepare to participate in structural policies, the Commission is proposing to allocate 7 billion ECU for the pre-accession period for this purpose.

The Treaty of Amsterdam, signed on 2 October 1997, opened the way to the enlargement process. But the



institutions and their functioning need to be further strengthened. The Commission has suggested that a new IGC be convened as soon as possible after 2000 to provide a thorough reform of the treaty on institutional issues, including general extension of qualified majority voting and simplification of the legislative process.

Eventual accession of 10 new members from central and eastern Europe means the EU population could increase by 100 million. Enlargement is a demanding agenda. But efforts will be more than recompensed by benefits of greater stability, security and

prosperity, further cultural diversity and greater weight in world affairs.

In its July Opinions the Commission assessed each candidate's situation and prospects in relation to the conditions for membership set out by the Copenhagen summit in 1993. These relate to democracy, the rule of law and protection of minorities, existence of a functioning market economy, the country's competitive-

¹ This article was prepared at the end of October.

² European Commissioner responsible for external relations with countries of Central and Eastern Europe and those of former Soviet Union, Turkey, Cyprus, Malta and other European countries; common foreign and security policy; and external service.

ness, and capacity to take on the other obligations of membership.

Same criteria

It is essential that the applicants are capable not only of adopting EU legislation but also of implementing and enforcing the *acquis* effectively. The challenge of applying EU rules and competing in a single market with highly-developed economies should not be underestimated.

The same criteria were applied to all candidates on an objective basis. Analyses revealed clearly some applicants more advanced than others in putting into place a market economy, achieving economic stability and preparing to take on the *acquis* of the EU in the medium-term. The Commission therefore recommended opening negotiations with Hungary, Poland, Estonia, the Czech Republic and Slovenia. It is now for the European Council in Luxembourg to decide on opening accession negotiations and number of countries to be involved. The decision to commence negotiations with Cyprus has already been taken.

In Agenda 2000, the Commission proposed a reinforced pre-accession strategy as part of the enlargement process. This package of practical measures underlines that all the applicants are on their way to membership. For the Commission, enlargement is an inclusive and ongoing process to help the candidates prepare for membership. However, an extra effort will be made through targeted support to help the less advanced countries overcome remaining problems.

To provide effective assistance, the Commission proposes that pre-accession aid for all the applicants in central and eastern Europe be doubled. Countries not yet ready to start negotiations will benefit without discrimination from this support. Indeed, they will receive increasing amounts

of assistance as other candidates become members and the total amount available for pre-accession aid is shared out among fewer beneficiaries.

Road map

This package will be worth some 21 becus for the period 2000-2006. In addition, there will be a tailor-made accession partnership for each applicant that sets out targets and priority areas for work on the basis of weaknesses identified in the Opinions. It will be like a road map that each candidate country follows to prepare for membership.

In addition, the Commission will report annually – for the first time in late 1998 – on progress made by each applicant in adopting the *acquis*; and as soon as a candidate meets the conditions the Commission will recommend to the Council to open negotiations. The Commission has also proposed that all applicants be invited to a European Conference that would strengthen the integration process by involving all candidates in discussions on issues of common interest.

Accession negotiations are likely to be opened in the first part of 1998. The basic principle underlying the negotiations is that candidate countries should take on the full *acquis* on accession, without derogations or opt-outs. The fact that negotiations may open at the same time with six countries, including Cyprus, does not mean that negotiations will conclude simultaneously. The date of accession will depend on the complexity of the negotiations and the time required for ratification of the Treaty of Accession.

Key role of statistics

The many detailed decisions and actions to be taken in the enlargement process in coming years will

require a basis of accurate and reliable information and figures. In those areas where quantitative analysis of the situation is possible and necessary, the proper statistical foundation is vital.

Statistics need to be reliable. Their impartiality, transparency and dissemination and the confidentiality of information concerning individuals are equally important. The detailed statistical annexes of the Opinions, which made use of a considerable amount of data provided by statistical offices of candidate countries, testify to the fact that significant work has already been done. The EU, not least Eurostat, has helped the candidates progress in this field.

The Opinions were an important milestone. But now we must look to the future of official statistics in central and eastern Europe in the perspective of membership.

A number of candidate countries already comply to a considerable extent with the main principles of the *acquis* in this field; and with some of its core principles and practices (for example, use of European and international classifications, systems of national accounts and business registers). However, even candidates most advanced in this area will require at least a few years to meet EU requirements. For example, some candidates have not yet introduced a business register; others are not using internationally-comparable classifications; in still other cases, regional data are weak.

Despite the problems, the candidates should, with determined effort, be able to raise their standards in the statistical field sufficiently within a realistic timescale for accession. In this, as in other areas relevant to accession, Agenda 2000 sets a path to EU membership for all candidate countries without discrimination; and the Commission is committed to working with them to achieve our common goal.

Overview of a new enlarged EU

A Union made up of 26 Member States¹ would constitute a considerable change, since previous enlargements have involved three new Member States at most (in 1973 and 1995).

The scale of the changes which will be brought about by the next enlargement is illustrated here by the area and population increases, which will be similar in size to those of the previous enlargements. But the most important feature is the reduction in the average per capita GDP for the Community as a whole, which is unprecedented and greater alone than that resulting from all the previous enlargements.

With an overall per capita GDP estimated at 32% of the Community average, the 10 CEECs lag far behind the four least favoured countries of the present EU, which together stand at 74% of the Community average. Major differences separate the applicant countries, which range from 18% to 59% of the average for the EU of 15 ie a ratio of 1 to 3.2 between the two CEECs furthest apart (Latvia and Slovenia)² Current growth rates suggest that these differences will widen, although it is not yet possible to pinpoint a group of countries that will consistently grow more rapidly than the others.

As in the case of the EU, the differences between applicant countries regarding unemployment are wider than for income. The unemployment rate in Bulgaria (13.7%) is four times higher than that in the Czech Republic (3.4%).

The applicant countries are also faced with a wide range of internal

Impact of successive enlargements of the EU

(based on 1995 data)	Increase in area	Increase in population	Increase in total GDP ^(*)	Change in per capita GDP	Average per capita GDP (EUR 6 = 100)
EUR 9/EUR 6	31%	32%	29%	- 3%	97
EUR 12/EUR 9	48%	22%	15%	- 6%	91
EUR 15/EUR 12 ^(**)	43%	11%	8%	- 3%	89
EUR 26/EUR 15	34%	29%	9%	- 16%	75

(*) in purchasing power parities
 (**) including German reunification

regional problems and with weaknesses in their human resource policies, largely as a result of past policies. But the reconstruction of a market economy inevitably brings to light major differences in the growth potential of the regions. The employment trend and the distribution of foreign investment are already showing that regional disparities are tending to widen.

The need for a structural policy to be formulated now and applied as of the next accessions is therefore justified both by external factors (reduction of the gap between the CEECs and the Community average) and by the internal necessity of combating increasing disparities within the applicant countries.

The CEECs have been unable to mobilise sufficient administrative and budgetary resources to combat these disparities either under the centralised planning system or at the beginning of the economic transition process. Faced with the rise in unemployment and the realisation of the social and regional cost of the economic changes, they have recently created a number of instruments with an explicit or implicit regional dimension, including schemes for assisting

SMEs, although the human resource instruments (vocational training, labour market, social solidarity systems) are still deficient.

To date, only one applicant country has adopted a law covering both regional policy and spatial planning, although similar laws are being prepared in three other countries. In the other applicant countries, non-binding guidelines have been issued. However, almost all the applicant countries have spatial planning policies, which occasionally extend to regional policy.

Over the next few years, and before the next accessions, it will therefore be necessary for policies tailored to the adoption of the *acquis* to be created and implemented in order to prevent discrepancies between national and Community instruments.

Taken from *Agenda 2000: Volume II The effects on the Union's policies of enlargement to the applicant countries of Central and Eastern Europe*.

¹ Including Cyprus, which is not covered in this study.

² For EUR 15, the range is 66% to 169% ie a ratio of 1 to 2.6, between Greece and Luxembourg.

How Eurostat and Central European countries are cooperating towards the goal of EU enlargement. SIGMA explains the Phare process by which...

5 + 1 could = 21

In July, Commission President Jacques Santer presented Agenda 2000 to the European Parliament. An important part of this document, which is vital for EU policy in general and enlargement in particular, is the Commission's Opinion on the request by 10 Central European countries (CECs) for EU membership.

Several Eurostat units contributed to this view by providing the statistical annex. This contained key data for each country and a chapter on the state of its statistics.

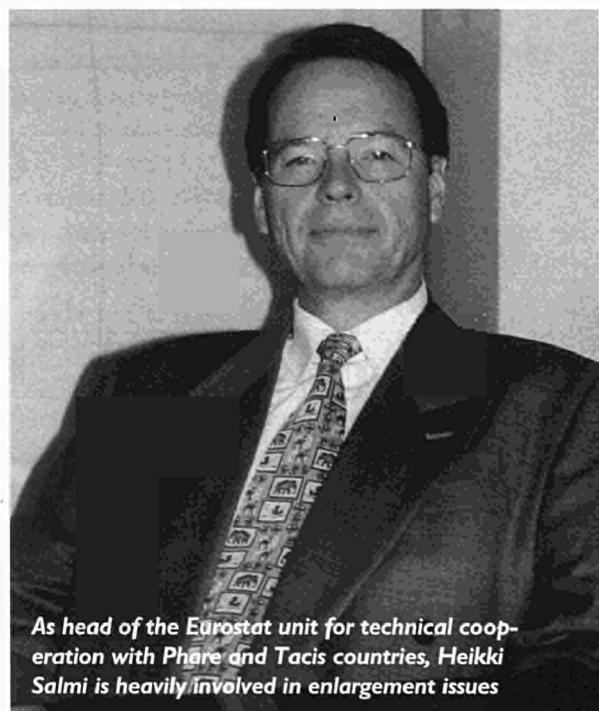
On the basis of comprehensive evaluation of the extent to which applicant countries met the necessary criteria, the Commission recommended opening talks on membership with five Central European countries: the Czech Republic, Estonia, Hungary, Poland and Slovenia plus Cyprus for which it reaffirmed its favourable Opinion of 1993. Contact will continue with the other applicants. In establishing its Opinion on the applications, the Commission used

criteria laid down by the Copenhagen European Council in June 1993:

- the applicant country must have achieved stability of institutions guaranteeing democracy, the rule of law, human rights and respect for and protection of minorities
- it must have a functioning market economy, as well as the capacity to cope with competitive pressure and market forces within the EU
- it must have the ability to take on the obligations of membership, including adherence to the aims of political, economic and monetary union.

The Commission considered the five in a position to satisfy all the conditions of membership in the medium term if they maintained their preparatory efforts (Opinion on Cyprus was delivered in 1993). Conclusion of accession negotiations will depend largely on accomplishing the further efforts required by each.

This is where the Phare programme comes into play.



As head of the Eurostat unit for technical cooperation with Phare and Tacis countries, Heikki Salmi is heavily involved in enlargement issues

It was created initially in 1989 to support the reforms in Poland and Hungary. With change spreading across central and eastern Europe, it soon became the EU's general aid programme to countries in transition and is now the main instrument supporting the pre-accession strategy. Covered by Phare at present are: Poland, Hungary, Bulgaria, the Czech Republic, Slovakia, Albania, Romania, Estonia, Latvia, Lithuania, Slovenia, the former Yugoslav Republic of Macedonia (FYROM) and Bosnia Herzegovina.

Statistics are one of the areas subject to Phare funding. Focus of investment so far, through a multi-country programme totalling over 26 million ECU, has been on equipping national statistical offices (NSIs) with the methodological tools to meet the challenge of political and economic



Coordinating technical aid and collecting data – from left-to-right: Pierre Verdier, Neil Fantom, Heikki Salmi, Pablo Amor and Nikolaus Wurm

Success in statistical assistance projects

	initial conditions	current conditions	NOTES
Macro-economic statistics			
National accounts	1	3	SNA methodology adopted, data quality questionable
Monetary and financial statistics	1	1	Some methodology transferred
Balance of payments	2	2	Not really addressed
Price indices	1	4	Excellent progress in quality and methodology of CPI and PPI
Classifications	1	5	International classifications adopted
Agricultural statistics	1	2	Some countries have been assisted with their census (Poland, Baltic states)
Foreign trade	1	4	Quality of data from customs, mirror statistics remains to be solved
Migration	1	3	UN, Eurostat methodology adopted; data quality shaky
Electronic data processing	1	4	Great progress in infrastructure and methods
Business statistics	1	3	Good understanding of survey techniques; lacking money for surveys
Business registers	1	2	Understanding is there; lack of administrative arrangements
Regional statistics	1	2	No regional breakdowns available; they know what to do but cannot do it
Social statistics			
Health	3	3	New methodology adopted; poorer data sources now
Demography	3	2	Understanding of census is there but no money and lots of instability
Employment/unemployment	1	3	Good implementation of labour force surveys
Labour costs	1	2	Methodology not yet fully understood
Environmental statistics	1	2	Some initial work has been done with CECs

The table gives an overview of the progress made in statistical fields of Phare countries. The starting point and the current state are assessed on a scale from 1 to 5 (1 = poor data quality and methodology; 5 = fully compatible with EU standards).

reform, as well as to meet international – and particularly European – statistical standards and norms.

Past success

All 11 countries that originally benefited from Phare can now produce data in the 16 'domains' and 61 specific fields identified by Eurostat as

needed in preparation for accession. Achievements in several areas have been particularly significant:

- compilation and dissemination of macro-economic statistics
- adoption of a harmonized international system of classifications
- providing a statistical basis for

accession negotiations for the 10 Candidate Countries

- providing a statistical infrastructure to support macro-economic policy development
- putting in place the legal framework to guarantee independence and confidentiality of statistical information.

These successes would not have been so dramatic – and perhaps not possible – without two factors. First is the hard work and dedication of those involved, both those receiving support and those giving it. Second is complementary Phare investment in the infrastructure of NSIs, particularly in computer equipment. Such projects – developed within so-called national Phare programmes and about twice as large in total money terms as the Multi-country Programme – have been targeted specifically within each country. As a result...

- the infrastructure by which statistics are communicated has been improved
- an international information technology platform with common internal architecture, hardware and software was established
- training that created the skills base necessary for the operation of informatics systems was provided.

Looking ahead

A new Statistical Cooperation Programme has received the support of Member States. It has an indicative budget of 34 million ECU over the three years from 1997 and 12 million ECU for the first year.

With this programme, expected operational in 1998, will come a major change of approach. From an essentially demand-driven strategy, led by the needs and priorities of the NSIs of Phare partners, the objectives and activities will be driven now by the statistical needs of the pre-accession process.

This reflects wider changes the Phare programme is going through. But national needs and priorities will not be ignored. The programme will retain a good deal of flexibility, particularly important for the three Phare partners countries – Albania, FYROM and Bosnia Herzegovina – that have not applied for EU membership. And in many cases NSIs are under pressure from their own governments to provide data to support EU candidacy.

New needs...

For statistics in the pre-accession process the objectives are to provide data to support negotiations and to ensure that, at the time of accession, countries can meet the statistical obligations of EU membership (the *acquis communautaire* in statistics). The Statistical Cooperation Programme aims to help countries meet these objectives – but not for perfection in all fields.

Past achievement has created the basis for progress. Statistical methodologies relevant to market economies are becoming fully understood. Transfer of detailed know-how has largely taken place.

EU STATISTICAL COOPERATION WITH PHARE COUNTRIES

1997-2000 overall objectives

- to prepare partner countries' statistical systems for accession
- to strengthen their statistical systems
- to assist their relations with users
- to build sustainable statistical systems.

Sectoral coverage

- accession-driven focal areas for all partner countries: macro-economics, foreign trade, agriculture and migration
- two additional national priority areas, demand-driven.

Main cooperation components

- technical assistance: study visits, consultancies, working groups, seminars and training courses
- pilot surveys: collection of harmonized data in priority sectors
- trainees: up to 30 at Eurostat from CECs covering all areas
- data collection and publication: exchange of information with the EU and development of publications with key data.

Yet many countries are still unable to produce statistics of the quality they would like because of the inadequacies of some of their raw data. So the new programme will look beyond the simple transfer of know-how towards developing projects that identify key difficulties and overcome them.

...and new methods

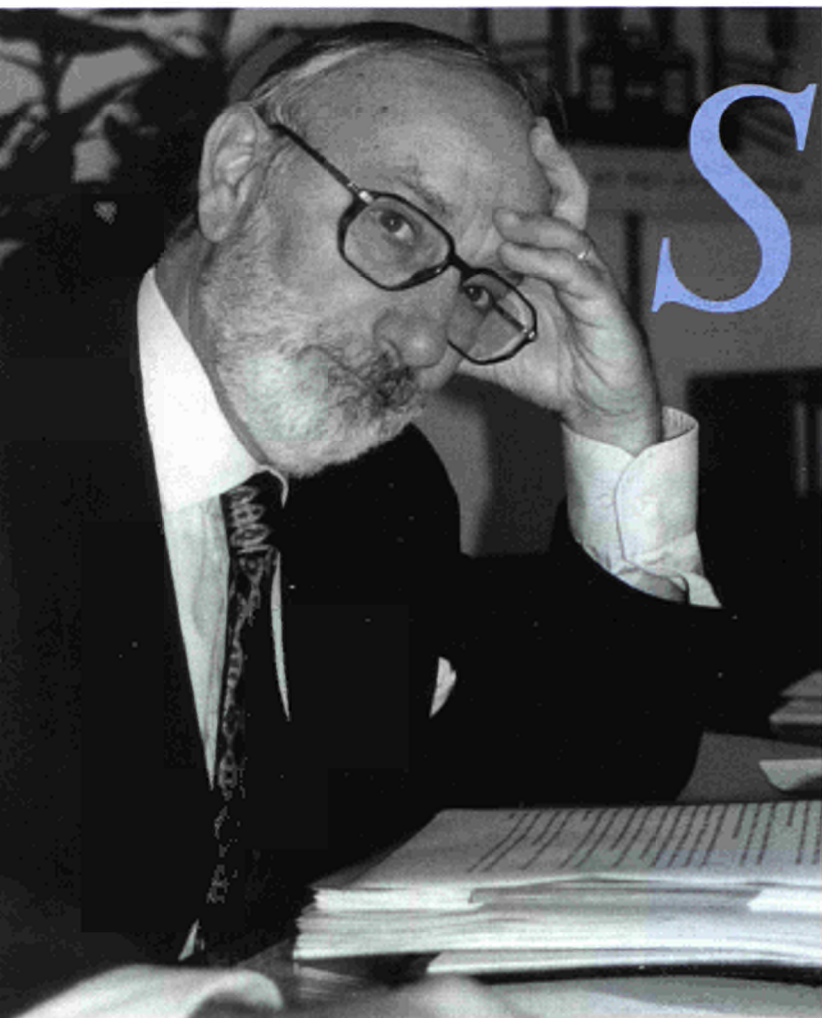
Methods used so successfully in previous statistical programmes will remain: study tours and visits, consultancy, training courses and participation in Training of European Statisticians' projects; involvement in seminars, international meetings and working groups; support for regional surveys and initiatives in the form of pilot projects...

In addition there are some innovative approaches. Trainees from NSIs in Central Europe are sponsored to work in Eurostat in relevant areas on study placements of up to six months (see articles on pages 39 & 41). This scheme will be extended to up to 30 trainees at any one time.

Should they wish, resources will be available for NSIs to employ experts to advise on strategic and efficiency improvements. A task force will be established to develop solutions to the sometimes difficult problem of implementing statistical legislation. Marketing and dissemination will be improved further through joint initiatives with Eurostat including the strengthening of Eurostat's data collection activities.

And the statistical *acquis* – the gentlemen's agreements, directives and legislation that make up the European statistical system – will be monitored closely so Candidate Countries can identify the work needed to meet the requirements.

NSIs of most countries involved are already at a high level of development. Full implementation of comprehensive and consistent statistical systems may be a long-term task. But in most areas very positive and concrete results have already been achieved. Phare ensures further progress.



Statistical partners for accession

In the last two years, specific and comprehensive programmes have been introduced for applicant countries with the help of experts from the NSIs and central banks of Member States.

accounts and general government accounts.

Our partners in this work are NSIs, central banks and finance ministries. The last play an important part in calculating the government deficits aggregate. This has to be compiled in line with the strict harmonized rules of ESA 95 (1995 version of the European system of economic accounts).

Eurostat Directorate B (Economic statistics and economic and monetary convergence) is responsible for statistics on national accounts (financial and non-financial, quarterly and environmental accounts); prices (price indices and purchasing power parities); balance of payments; international trade in services; direct investment; and money and finance. Not surprisingly, it has a special role in helping applicant countries become involved in EU statistical work. Director ALBERTO DE MICHELIS explains...

These comprise various stages, checked as work progresses

Unfortunately, funding problems with the Phare programme have meant we are running behind schedule on important stages of some programmes – such as harmonization of price indices. We need to make up for lost time.

The work programme on national accounts (see following article) is drafted and implemented in close liaison with the OECD Statistical Bureau, which has made every effort to support transition countries in this area of activity.

My unit B4 (Accounts and financial indicators, statistics for the excessive deficits procedure) has devised a detailed programme with a twin focus: financial

A pilot exercise – similar to one in Member States as part of the excessive deficits procedure – is now under way with applicant countries. This work means that by 2000 or even earlier we should have reliable data comparable to those in the EU.

As for purchasing power parities, all countries in line for membership have joined the Group I programme involving Member States. First results using the new method will probably be available towards end of 1997.

Trickier

The programme to harmonize consumer price indices is trickier, since it involves radical changes in how indices are compiled and

prices recorded. Eurostat believes most applicant countries will not be able to produce harmonized and reliable data before 2000. Unit B3 (Price comparisons, correction coefficients) is monitoring this.

On statistics on balance of payments and direct investment flows, unit B5 (International trade in services, direct investments, balance of payments) has achieved significant progress. All the countries have promised to adopt the *Eurostat vademecum*, used as a reference by Member States.

Central banks of applicant countries are now able to compile their balance of payments using Community methods based on the IMF's fifth manual, although they have not yet managed Member States' level of detail. For statistics on foreign direct investment, a programme will be introduced in 1998 with first results available from 1999.

Eurostat regularly organises meetings and seminars with applicant countries to discuss progress in each area and consider the next stages. And statisticians from these countries attend working parties of EU statisticians as observers to become familiar with Community methods and procedures and absorb its rules.

The annual meeting of the Executive Body of the Committee on Monetary, Financial and Balance of Payments Statistics offers an opportunity to join with applicant countries in reviewing progress and discussing priorities for the next few years (see *article on page 19*).

Sigma's BARBARA JAKOB met MARCO DE MARCH and SILKE STAPEL of Eurostat to ask about the present position of macro-economic statistics in Candidate Countries (CCs) and what Eurostat is doing to assess and, if necessary, improve them.

Paving the way for accession



"Macro-economic variables, particularly GDP, are important indicators among the many components that play a role in the enlargement process", begins **Marco De March**, head of Eurostat unit B2 (National accounts and international markets: production and analyses), responsible for the work with the Candidate Countries.

He says socio-political factors play an equally big role, and reliable statistics are needed as a basis for decision-making in many areas. National accounts constitute just one area - but a very important one - in which there is a frenzy of activity to obtain statistical data from Candidate Countries, assess their quality and

help the countries improve their accounting systems.

"The reason so much attention is focused on national accounts, particularly GDP, is because these figures form the basis for framing and implementing Community policies", explains **Silke Stapel**. "GDP, for example, is important for calculating Member States' contributions to the EU budget and for distributing structural fund resources. We must therefore provide decision-makers with the means of assessing both the current economic situation of the countries concerned and the impact of EU enlargement. This obviously raises the question whether available macro-economic data are comprehensive enough and of a sufficiently high quality."

"Without reliable figures, decisions simply cannot be taken", says **Marco De March**. "At the beginning of our work in 1996, we had to obtain whatever data we could as GDP data for these countries were missing in many cases. A work programme was started to collect initial data, assess the national accounts of the countries concerned, and identify shortcomings – helping them to improve their accounting systems via a wide range of initiatives. Obviously, only the countries themselves can make the actual improvements."

Finishing touches must wait

National accounts systems in individual CCs are at very different stages of development. "Our priority is to tackle those problems first which have the greatest impact on



the level and growth rate of GDP", stresses **De March**. "Meeting the quality requirements of the EU is a thing of the future. It's a process still continuing in the Member States themselves. The ESA first appeared in 1970, so we've had harmonized Community methodology for almost 30 years. Even so, data are not yet fully compatible and we still have work to do."

"So we have started initiatives with the CCs to collect data in the short term, to undertake initial assessment of their national accounts systems, and to recom-

Richard Clare who deals with implementation of national accounts methodology in Candidate Countries



"Without reliable figures, decisions simply cannot be taken", says Marco De March, head of Eurostat unit B2 (Economic accounts and international markets: production and analysis)

mend how to remedy the main shortcomings. The finishing touches must wait."

Within unit B2 **Silke Stapel** is in charge of this work together with **Ralph Hein** and **Richard Clare** of Eurostat unit B1 (National accounts methodology). She says of the 1996/97 work programme: "No changes have yet been incorporated into the data. We have simply collected information and made recommendations. On the basis of the information provided by CCs, we have made initial analyses and given the Commission an idea of the most serious departures from Community methods and definitions. Data quality certainly does not meet expectations in all the countries."

"During missions we try to form a picture of what is happening in the national accounts – establish where problems lie. We have concentrated on the most obvious problems – those common to all CCs – asking ourselves: 'What distorts GDP most, and what has the greatest impact on the growth rate?' After all, such figures are those mostly in the public eye and the ones the Commission particularly examines."

"In an initial round of changes in April 1998 by these countries, improvements to the data should be incorporated into their accounting systems. In addition to the provision of raw data, Eurostat also undertakes assessments. This pro-

vides the statistical background and the findings for each country; it also guides users on how to interpret the figures and highlights those areas – GDP, components for example – likely to be over- or underestimated."

Helping themselves

Marco De March sums up the results of last year's work: "From a methodological point-of-view, the situation is not bad; people generally are familiar with the ESA. The problems occur with the implementation of the ESA, the organisation of statistics, communication between the bodies involved. The transition from a planned to a market economy is still causing statisticians problems."

"In terms of theory, there are fewer problems", agrees **Silke Stapel**. "Candidate countries are very familiar with much of the new ESA 95. Some of them introduced it earlier than many Member States. What we need now is to sit down together and go through the calculations, discuss problems and work out practical solutions. This is being done in task forces, which also include experts from the Member States. We want to help people help themselves. We don't want a one-way set-up in which we provide countries with ready-made solutions."

"The transition to a market economy still poses a problem, as does the adaptation of statistical systems to market mechanisms. In some countries where privatisation is well under way, sound solutions have already been found; but in others much of this process is still to come."

"A major headache is privatisation of former large state concerns into many smaller units. This creates the need to adjust the statistical system to cover many more reporting

units. And we can no longer work with exhaustive censuses – instead, we must use sample surveys and grossing-up methods. People must get used to the fact that not everyone completes statistical questionnaires any more – even if required by law."

She adds: "So we must concentrate on setting up bigger registers, ensuring they are kept up-to-date and, more generally, think about the completeness of calculations."

This brings us to the second problem area that Eurostat experts have identified among CCs – the completeness of the national accounts ie whether everything in the economy is recorded.

Says **Silke Stapel**. "There are particular problems with recording the many small units that are appearing; for example, individual shop-owners account for a large proportion of retail outlets and can make a considerable contribution to GDP."

"It must also be remembered that in the transition countries the black economy plays a major role. We must think about ways of recording this and incorporating it into our calculations. The ESA does not ask if something is legal or illegal – it is an economic activity that must be recorded."

Must be consistent

"So far, activities have concentrated on the completeness of calculations, the government sector, the expenditure side of GDP, constant prices, and the banking and insurance sector."

"For the government sector, we had to clarify how to treat certain privatisation and market-organisation bodies and special funds and units – some of which exist only in transition countries – and establish if all income and expenditure flows were actually recorded."



Silke Stapel: "Progress in these countries will depend largely on resources available for statistics"

"We have also concentrated a great deal on the expenditure side of GDP. Typically, many countries believe the production side is more reliable and often dispense with calculating a really independent expenditure side. We wanted to encourage a move in this direction. We are also trying to get the mes-



Ralph Hein is responsible for assessing Candidate Countries' national accounts systems and giving advice on how to remedy the main shortcomings

sage across that the national accounts is an all-inclusive system that must be internally consistent.

"Since the growth rate is also an important variable for assessing economic development – and since its validity is seriously affected when inflation is running at 50 or 60% or more – we have also taken a closer look at estimation methods at constant prices."

Technical assistance has also been given for the banking and insurance sector. This, **Silke Stapel** explains, "is needed now more than ever, as most of these countries are compiling banking and insurance statistics for the first time. It was important to set the right course at the very beginning".

But improvements proposed by task forces in conjunction with the countries concerned are only recommendations. "Each country must establish its own priorities and implement them as it sees fit", says **Marco De March**.

No healthy scepticism

Another important area – and one that goes beyond national accounts – is basic data. "To compile basic statistics, you need resources – resources you must plan carefully. This is long

term – beyond current initial improvements", explains **Marco De March**.

Silke Stapel outlines the difficulties: "One thing is lack of basic data

– certain statistics no longer exist or do not yet exist. This is because the break with the past also led to the disappearance of statistics that should really have been retained until new systems started delivering usable results.

"We've also noticed that basic national accounts data are often assumed to be correct and not called into question. So far there is no real sign of a healthy scepticism about what other people supply. One factor is that statistical offices are increasingly having to play a new role as coordinators within the statistical system, collaborating more closely with other state bodies that supply data.

She sums up as follows: "Obviously, progress in these countries will depend largely on resources available for statistics. And things don't look too good in some areas – for example, staffing and equipment..

"Everyone in the Candidate Countries wants sound, improved statistics. However, making financial resources available for them and enabling the system to produce better data is another thing. The EU is making considerable resources available under the Phare programme. But this can only set the ball rolling. It is just a start."



Richard Clare, Marco De March, Silke Stapel and Ralph Hein

DAVID HEATH has worked at Eurostat on agricultural statistics since 1988. As head of Directorate F, responsible for this area, he sees three main challenges: keeping the present statistical system on course and up-to-date for current Member States and improving efficiency; trying to see where agricultural statistics should be in 10 years' time; and preparing for enlargement. On this last topic his main concern is what he calls 'thematic coordination' of all those involved. In this article, Sigma's STEFFEN SCHNEIDER records Mr Heath's view of the future...

Agricultural statistics: *a moving target*



On 16 July the European Commission presented Agenda 2000 with its view on each of the new applications for EU membership. Was this the birth of cooperation in the field of agricultural statistics between the EU and Candidate Countries (CCs)?

Not at all. Cooperation between the EC and Central European countries (CECs) was already under way at the beginning of the nineties.

The first general programmes of cooperation included agriculture in only a minor way. But today its importance and that of agricultural statistics are recognised by all relevant services of the Commission, including Eurostat.

Many studies have been carried out by or for the Commission's DGVI and DGII on the links between the Common Agricultural Policy and enlargement. The inter-secretariat working group for agricultural statistics (IWG-Agri), which coordinates the efforts of OECD,

UNECE, FAO and Eurostat, organised seminars on agricultural statistics in 1991, 1993, 1994 and 1995 for Phare and Tacis countries.

The MERA project of Phare-funded JRC (Joint Research Centre) monitoring of agriculture and the environment by remote sensing is another example of supporting statistical activities in CECs. Agricultural statistics have also profited from several other Phare-funded projects, supporting administration and computing or information systems in CEC agricultural ministries.

How did it begin?

The first initiative was to try to ensure CC agricultural data were included in Eurostat's general database covering all thematic areas of statistics. The first information consisted of only a few indicators for overall comparison between economic sectors and did not aim at sufficient detail for analysing the agricultural sector.

The second development was the creation of a special data set in DGVI for urgent first appraisals of agriculture in the accession countries. These non-harmonized data were compiled from international databases or expert reports.

First contacts were through the small agricultural parts of general statistical cooperation programmes established by the Eurostat unit responsible for work with transition economies in Europe and the former Soviet Union. This covered capacity building, training etc but only incidentally the supply of information. More recently there has been direct involvement of Eurostat's agricultural statistics units (F1 and F2) with the aim of a direct, regular and integrated data flow to Eurostat from Candidate Countries' NSIs and ministries of agriculture

This initiative started in 1995/96 with priority to current production data. But, apart from data on land use and crop production, returns were somewhat incomplete. We expect livestock data to be the next best. This is because the concepts are relatively simple and easy to measure. There is not too much risk of confusion about what constitutes a hectare of wheat or a dairy cow.

For other areas such as prices and aggregate economic accounts of



Mr Heath in action

agriculture there are greater difficulties. Market prices may not exist.

In general, EU requirements are much wider than those of CCs and the methodological approach may differ. Farm structure surveys (FSS) are an example. The move away from collectivised agriculture makes FSS particularly relevant but also hard to execute. This has been discussed intensively at IWG-Agri seminars with a few countries carrying out pilot surveys.

The aim is that all CCs should conduct end-of-decade FSS as recommended by the FAO and in line with the EU model. This will allow comparability with the EU and provide a basis for sample surveys in following years.

What are EU requirements?

Agricultural statistics are among the best-developed statistics in the EU. They are needed as an information source for development and

administration of the Common Agricultural Policy, which still utilises nearly 50% of the total EC budget.

Statistical requirements can be structured in four main groups:

- all legal instruments for agricultural statistics
- methodologies defining work to be done
- reports from Member States on their own statistical methodologies and studies of such reports by experts
- documentation of the coding structures of databases used for storing agricultural statistics at Eurostat.

Candidate Countries are not so advanced. But there are big differences between countries. Closeness to EU standards depends on the country's political approach in view of accession and the economic situation before democratisation.

Eurostat's aim is to provide information for external users in line with the same rules that apply in Member States. This requires discussion with CCs to agree when the data they deliver can be considered ready for wide dissemination. For that, total quality is vital.

Eurostat units F1 and F2 have to establish a system for checking data available from CCs in a thorough and systematic way. We have not yet a clear idea of the quality of their data. As soon as sufficient are available, we shall check the quality of individual series or group of series and use the SPEL model to judge overall consistency; we shall then identify areas needing follow-up.

**CAP & accession:
take it or leave it?**

If our present system were applied to Candidate Countries neither of us would profit. For this and other reasons the CAP cannot remain exactly as it is. This has short- and long-term consequences for agricultural statistics.

Our agricultural statistical system has been and is under constant development to respond to changes in the way the CAP is at present implemented. In the longer term, a CAP adapted to take account of such factors as the World Trade Organisation and GATT agreements, future trade policies, enlargement, environmental implications of agriculture, rural development plans and regional policy will require significant changes to the EU system of agricultural statistics. Statistical and technical developments will also have to be taken into account.

Also, the way each EU Member State produces its agricultural statistics varies widely – in particular the respective roles of NSIs and agriculture ministries. Enlargement would add to this variability and to the diversity of agriculture measured. This increased diversity itself requires changes in the way a Community structure of agricultural statistics is defined.

So, we are reflecting on a system for use in 10 years' time: the system that will apply to an EU enlarged by a substantial number of CECs. Current work on these ideas should provide the basis for progressive evolution of EU agricultural statistics over the coming decade. CCs will be involved in this debate. In addition, for a number of reasons, there have been some important changes in recent years.

Prompted by a need for economies and a better focus on resources available, existing statistical require-

ments were reviewed by Eurostat, DGVI and Member States' agricultural statisticians. The aim: a more effective system. For example, the revised Council Milk Statistics Directive 96/16 cancelled the obligation to collect weekly milk statistics from dairies.

We have introduced what we call the Agriflex principle. This states that not all Member States have to comply with a given requirement in the same way. Where certain agricultural production is not important to a country, the standard information requirement is reduced or removed. The 1993 revised Council Directives on animal statistics include numerous examples.

Another potential economy is use of administrative data. The possibility that under certain conditions Member States may replace some data from traditional statistical surveys with administrative data is officially provided for in Council Regulation 959/93 on statistical information to be supplied by Member States on crop products other than cereals, and in Council Regulation 2467/96 on Community surveys of the structure of agricultural holdings.

Independently from these improvements, the following general needs must be stressed:

- timeliness of statistical information at EU level
- reliability of the data, and
- harmonization of definitions and outputs at EU level.

A cost-effective system of agricultural statistics has to be considered as an integrated whole. It is more than a set of individual measures to meet separate EC requirements. It is a structure that takes advantage of existing administrative systems and resources to meet national, EU and wider requirements. It has to allow



countries scope to work efficiently while still producing adequately comparable data at EU+ level.

Why should CCs adapt?

It is useful for CCs to develop their agricultural statistics to meet current EU requirements because...

- such requirements are at least a starting point for tomorrow's needs
- they are a comprehensive set that fits into a world system
- data for accession negotiations will be based on the EU system
- Candidate Countries will be expected to accept the *acquis communautaire*.

Eurostat is not the only body concerned with agricultural statistics and accession. There are other Directorates of the Commission, Member States, other international organisations and non-EU countries. How important is coordination?

In the work of Eurostat's agriculture units there are three main considerations:

- to make data comparable, with a regular and comparable flow available to the Commission and Candidate Countries
- to help CCs improve their infrastructure, and
- to promote statistical cooperation.

Where CCs are unable to deliver data approximating to EU standards action is needed to improve their infrastructure. In general, this will involve statistical cooperation. A current weakness is the multiplicity of people involved, making it impossible for bodies outside the coun-

tries concerned to form an overview.

My idea is for something I call 'thematic coordination' to complement the general coordination of CC data within Eurostat by bringing together all those concerned with agricultural statistics

in a specific CC – in particular those directly responsible for agricultural statistics in the CC itself. The aim would be to develop a programme to meet EU and national needs and then to identify the best people to cooperate with the CC concerned, action by action.

FUTURE OF CAP?

How realistic are current efforts for substantial reform of EU agricultural policy?

Here I speak as an interested observer rather than one close to those determining the policy. But from what I see and read several factors converge.

These can be combined with the five traditional and still valid CAP aims from Article 39 of the Treaty

- *increased efficiency*
- *fair prices for consumers*
- *stable markets*
- *security of supply, and*
- *fair incomes for agricultural workers.*

This makes me relatively optimistic about reaching agreement on reform. The main factors push in the same direction. They are:

- *likely budgetary costs of agricultural surpluses if no corrective action is taken*
- *pressure to reduce production subsidies in agriculture and particularly subsidised exports now agriculture is included in GATT*
- *hostility to the environmentally harmful consequences of intensive agriculture*
- *agriculture's important contribution to the survival of the rural world and to regional policy*
- *the consequences of enlargement.*

Apparent conflict recently between the interests of a flourishing agricultural sector and its consequences can perhaps be resolved by emphasising the relationship between agriculture, the environment and rural policy. One could imagine a CAP with prices nearer world levels, with environmental advantages from extensification and trade advantages from unsubsidised exports.

This CAP would cover more than specific agricultural production issues. Farmers would receive payments for services benefiting the environment and under schemes related to rural and regional aspects. Such an enlarged and adapted CAP would have different requirements for statistical support so the current system of Community agricultural statistics would require adaptation.

We are currently examining how far future needs can be identified – what might be an efficient evolutionary path for Community agricultural statistics to follow in order to help all concerned, not least Candidate Countries.

Chairman of the EU's Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) since spring 1997 has been JOHN KIDGELL, Director of Macro-Economic Statistics at the UK Office for National Statistics (ONS). As the third meeting between the CMFB executive body and Candidate Countries (CCs) got under way, he spoke to Sigma's JOHN WRIGHT about the aim of such gatherings. The meeting was attended by senior representatives of the national statistical offices and central banks of the 11 CCs. It was hosted by the Czech National Bank and the Czech Statistical Office.

Prague – a springboard to statistics for accession

What, I ask **John Kidgell**, does he see as the single most important aspect of the Prague-type meetings?

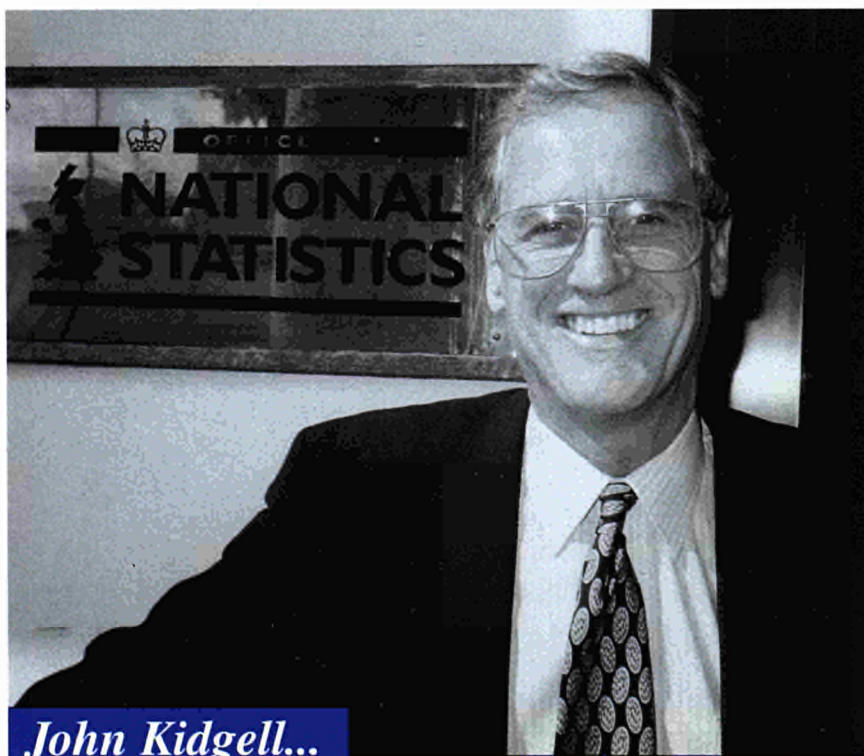
He puts it this way: "Very simple: in those key areas of macro-economic statistics of particular interest to NSIs and central bankers, cooperation between these two sets of institutions and, at supra-national level, with CMFB is what makes things happen. If we can emphasise to Candidate Countries the importance of such coordination, this will be a great step forward.

"Having said that, I am very conscious that many CCs do have in place very effective coordination procedures in their countries. Prague is yet another opportunity for cooperation for all of us."

How did such meetings come about?

"About two-and-a-half years ago CMFB felt it would be useful to demonstrate to Candidate Countries the advantages and working methods of our particular part of the institutional structure. We offered them meetings in July 1995 and 1996, both in Vienna, and Prague is the third.

"The aim is to show the importance of coordination and coopera-



John Kidgell...

... (54) is an eminent UK national accountant and the first non-central bank Chairman of CMFB. As such, his appointment is regarded as very important for the national statistical institutes. He is also a founder member of the IMF Balance of Payments Statistical Committee.

Mr Kidgell is an economics graduate of Scotland's St Andrew's University and has a master's degree in statistics from the London School of Economics. His first job was in economic forecasting with the National Institute of Economic and Social Research in London. He later did statistical work for Gallup Poll. In 1972 he joined the UK Government Statistical Service and has served in the Treasury, the Department of the Environment and the Property Services Agency as well as the Central Statistical Office, now the Office for National Statistics, of which he is one of the most senior members of staff.



Toasting success

Edvard Outrata, President, Czech Statistical Office (left) and Alberto De Michelis, Eurostat Director responsible for economic statistics and economic and monetary convergence.

Mr Outrata told Prague delegates: "Statistics, I think, in many ways were the first and most profound area in which international cooperation between the EU and transition countries went so smoothly. By and large, I notice we statisticians always manage to get together and do things effectively and efficiently more easily than in other areas."

And Mr De Michelis added: "We are now facing a new and important challenge: the progressive integration of Central European countries into the EU. I think the statistical community can show the way to other institutions because our dialogue – the creation of a common statistical language – has been going on for many years and will grow even stronger."

tion between various institutions involved in economic statistics – particularly those relating to the financial and banking world and monetary policy. These are the national central banks (NCBs), NSIs, Eurostat and the Commission, the EMI and, of course, in future the ECB.

"The meeting is not with CMFB as a whole. That would be a bit unwieldy. It is a meeting of CCs with the CMFB executive body, a small group of 10 people that

guides the processes of CMFB. It's becoming a regular part of CMFB's annual cycle."

Why Prague?

"Vienna is a sort-of crossroads and was a convenient meeting point for most CCs and EU members, as is Prague, with the added advantage of being in one of the CCs themselves.

"We are running the meeting in two parts. The first is very largely

issues that Eurostat would like to raise with these countries and their institutions but I hope CMFB members will contribute." They did with considerable enthusiasm!

'Our figures count'

He goes on: "The second part is CMFB business where we shall talk about two big issues. One is recent developments and future work. The other is cooperation between institutions involved in the compilation of macro-economic statistics.

"We want to talk a lot about the way we see the world changing within the EU itself, and our vision and strategy for meeting these changes from a statistical point-of-view. Topics cover the activities of the EMI, including development of money and banking statistics; progress on balance of payments statistics – an area of significant interest to both sets of institutions, NSIs and NCBs; the new harmonized price index constructed in Europe; and last but not least the Excessive Deficit Procedure, which is one of the convergence criteria for membership of monetary union. The last is an issue we statisticians have been very, very closely involved in because it's our figures that measure whether these criteria are met.

"Another key topic is very much the institutional framework and links between NSIs and NCBs and between the national and international institutions – Eurostat in particular but the Commission more widely, and the EMI. And the legal framework for statistics that ties us all together in various ways.

"An issue I personally find of increasing interest and concern to us all is the role of macro-economic statistics in legislation. For example, GDP determines about a quarter of the contributions to the

European budget. Another example is the Maastricht criteria themselves and, more recently, the use of real GDP growth as a determinant in the Growth and Stability Pact.

"Many of these macro-economic statistics are needed by both sides. It would be extremely inefficient if central banks and NSIs were each to go their own way in producing their own sets of statistics. There's such an overlap of interest that we really want to move towards a single dataset we can both use – and this is now widely accepted in the EU.

"I know that, in the EU, CMFB has contributed greatly over the last six or seven years to ensuring that single datasets emerge. We have discussed the issues and thrashed them out. I am not aware in great detail of the degree of cooperation between NSIs and NCBs in CCs, but I suspect there's as much variability there between countries as there was in the EU. If we in CMFB could help to increase that cooperation that to me would be success.

"I think there is a growing awareness of such issues in the CCs. I think the link with CMFB has helped. There is quite a lot of enthusiasm for the concept of CMFB among EU members, and I would be surprised if that hadn't been observed by CCs; although that's not to say they don't have that enthusiasm themselves."

What about a CMFB for CCs?

"Maybe an unlikely event now, but I think in the early days we wondered whether this might be one outcome. I haven't observed any signs of that happening.

"I think what is more important is to ensure there is this good cooperation at the national level

between central banks and NSIs on the statistical front in these areas of common interest – with an understanding that when they join the EU they will be able to fit well into the CMFB format and sit side-by-side with us as representatives of their countries."

Much of common interest

I ask what is the talk in the margins of these meetings and on social occasions?

Kidgell: "I think there clearly has been an interest in CMFB itself and its genesis and the role it has played. But also when we meet like this, it is an opportunity to talk about a whole raft of issues of common interest. I think that over coffee I would be just as likely to discuss with one of my CC colleagues the difficulties of measuring GDP or the consumer price index as I would the activities of CMFB. We are all responsible for a common range of macro-economic sta-

tistics. We all share a similar range of problems in measuring them."

Has he learned anything from the CCs?

"Oh, yes. I think any statistical institution, whether central bank or government, that said it couldn't learn from other institutions would be fooling itself. We all learn from each other."

And after Prague?

"Increasingly, Eurostat committees are being opened up to CCs – for example, they will soon be able to attend the financial accounts working party. And that's an encouraging development.

"We've discussed on many occasions in CMFB whether we should open our meetings to CCs. There is a general desire to do so but a recognition that with such enormous numbers of people – at least two representatives from each country plus all the observers, IMF, OECD, the Commission, the EMI...



Left-to-right: Jan Fischer, Czech Statistical Office; Alberto De Michelis, Eurostat; John Kidgell, CMFB Chairman; and Jiri Pospisil, Chief Executive Director, Czech National Bank



– it would become such a formalised meeting that we don't think this is the way forward.

"For the time being we think the Prague-type meetings are useful. But this is an issue I would like to address with the CCs themselves to see what their desires are about the way forward.

"It would be foolish to impose our thoughts on them."

Kidgell, who will be CMFB Chairman for two years, ends this way:

"I am very optimistic about future cooperation with the Candidate Countries. We have a busy work programme in the EU as we approach monetary union in January 1999 but equally the CCs have a busy programme as they prepare for entry into the EU and, in the fullness of time, into monetary union as well.

"In any way that we can support that process, we in CMFB are willing to help. And, of course, Eurostat is playing a very important and helpful role in all of this. Without Eurostat things would not happen in such an efficient way."

What is CMFB?

Over seven years ago the EC Council was asked, on Eurostat's initiative, to create CMFB. Aim was to enhance cooperation between NSI and central bank statisticians with a view to implementing statistical instruments for the conception, follow-up and evaluation of economic and monetary union.

Step by step CMFB has managed to find its place within the official statistical world. Today it is a central mechanism for cooperation between Eurostat and the EMI on one side and central banks on the other.

Eurostat remains at the centre of the mechanism. Jointly with EMI, it handles the secretariat and submits papers dealing with statistical policy as well as technicalities. Says Kidgell: "Being Chairman, one does not get a great deal of support from within one's own country so we rely very much on Eurostat to sort out the administrative arrangements."

At the Prague meeting JOHN WRIGHT took the opportunity to sound out some of the delegates on their views on the challenges of accession – for their countries in general and official statistics in particular...



'Always Europeans'

CECILIA POP, Head of National Accounts, National Commission for Statistics, Romania:

"We have always felt part of Europe. I don't want to imagine us outside. We can offer a very large market. We need high-quality products. And we have a very good and qualified labour force. So maybe we can offer some things the EU needs.

"From the statistical point-of-view we are very close: we can provide all kinds of the same sort of data. But economically we are very far from Europe and EU membership might help close the gap.

"Biggest statistical challenge? To use ESA '95 methodology. Until now we have been using ESA '79 and there are many and very important differences. For this we need an inventory of all the differences and to improve our data sources in order to calculate very good indicators.

"I am positive we shall rise to the statistical challenge. I am afraid only from the economic point-of-view. We are now in a very difficult period. All our economic system is changing."

Communicate, communicate & communicate...

JAN FISCHER, Vice-President, Czech Statistical Office:



"There have been a lot of changes in our statistical system but the problems of transition haven't only been new concepts, definitions, classifications etc. We succeeded in solving these relatively fast.

"The other problem is changing the institution, the statisticians, behaviour towards our users – to be more user-friendly: not only to provide users with data but to communicate preparatory work on statistical sur-

veys; explain our methodology; be very transparent. I think the key challenge of statistical agencies in transition countries is to build an image of an independent and credible institution – credible for users, politicians, and mainly for the public.

"Being one of the first six countries recommended for accession is a great challenge for us as a statistical office – to provide our decision-makers with comparable data based on Western standards.

"But it's a never-ending story. Our users will be never fully satisfied. I think that's quite natural – just normal communication. The main task is to communicate, communicate, communicate – to clarify our concepts.

"We are speeding up work on position documents to provide our negotiators with a picture of our statistics and the gaps between them and EU standards, and our proposals to fill the gaps.

"Statistics are not free and we are limited by budget cuts. But I'm pretty sure we shall be ready on time."

Early start

BOZENA JAKOBIAK, National Accounts Director, CSO, Poland:

"In Poland we started to implement new statistical methodology very early. At the end of 1989 and beginning of 1990 our office signed a special cooperation agreement with Eurostat. From then we started to implement SNA methodology – first ESA '79 and then, for some years now, '95.

"Our main partner was INSEE. Now I think we are very advanced in new methodology. This is not only in national accounts but in changes to our basic statistics, price statistics (very important, connected to high inflation in Poland), statistical registers, classifications... And from 1 January

1995 we have had a new statistical law fully compatible with the EU.

"On national accounts, we are implementing all known financial accounts by institutional sector, and now finalising work on financial accounts and balance sheets for 1995.

"Joining the European statistical system is a challenge. Every year we plan our work according to national users' needs; now have to include Eurostat requirements in parallel. Some work planned for two or three years' hence we have to do now, and very fast. So it is very difficult for us and we have to make priorities.



"One big problem is data on net valuation. Up to now we have calculated only gross figures because, like other transition countries, we have difficulty in valuing fixed assets and the consumption of fixed capital. We have to do it; but privatisation is on-going and it is not easy

to establish the real market value of enterprises.

"Another problem is data coverage. On one side there is the hidden economy, on the other our not-so-good registers. Our President has established a special centre in one of

our regional offices to try to measure the hidden economy.

"I think the majority of Poles are convinced about joining the EU. Biggest benefit? I think the feeling of being a member will be very important. Also we see that we shall profit from trade with Member States."

Plans coincide

GYORGY SANDOR, Managing Director, Statistics Department, National Bank of Hungary:



"I think producing statistics for the EU is second priority to national requirements at present. But fortunately our statistical development plan also fits the agenda of the EU accession process. So if we follow our own plan we shall meet Eurostat and EMI requirements.

"In Hungary, as in some other transition countries, the Central Bank

produces balance of payments and monetary statistics; and we are now producing financial accounts – I hope by the end of 1997 we shall have the first set of data.

"On quality and timeliness, I don't think we are much behind the EU average and I believe we can match some of the less-advanced EU countries.

"In the balance of payments we do have some deficiencies that we have to make up in the very near future. And we don't have good regional statistics. These will have to improve, otherwise we shall never know what is happening in the country.

"The financial sector's view of accession? I don't think it has really sunk in that we are going to be members. The financial sector is in the same situation as the Central Bank. They have their own business in the short term and can't plan so far ahead. But they keep an eye on it. Recent OECD membership might have a bigger impact because we expect to have to open our banking business to foreign competition.

"As for the Hungarian people, they are very much in favour of the EU, although they see a lot of risks. They recognise the bureaucratic and cost burden it represents, at least seen from outside. We are a little more agricultural than the EU average and we see some EU countries don't like agricultural producers and feel this might create problems when we join.

"But, if you measure it on a net basis, no way should we be outside."

From Marx to Keynes

JONAS MARKEVICIUS, Deputy Director, Lithuanian Department of Statistics:

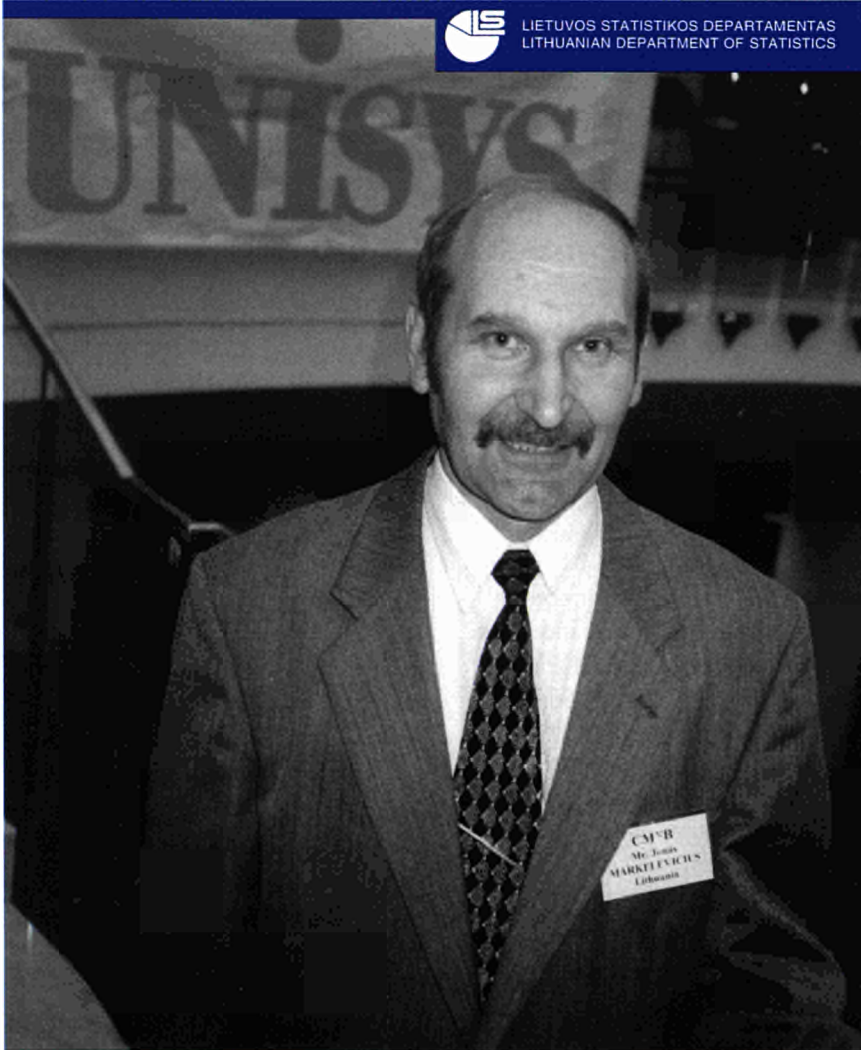
"Most of our people hope we shall join the EU. One sign of this is our commitment to EU statistical standards. Only statistics can show how much we fit into the EU framework. But we have to have statis-

tics that are good, reliable and comparable.

"Our biggest challenge at present? Difficult to say – there many! We can say we are collecting very reliable and EU-comparable statistics. The difficult



LIETUVOS STATISTIKOS DEPARTAMENTAS
LITHUANIAN DEPARTMENT OF STATISTICS



has been we had very little time to create our national accounts. EU countries have had a lot of time! We started in 1992 with no specialists. All of us working in statistics then had been in Soviet universities. Economic theory was Marxist not Keynesian. We had no methodological literature and there were problems with software.

"There have been many problems of economic change: a lot of enterprises disappear and it's difficult to keep track. But with the help of many people from European organisations we can compare our statistics with those of the EU.

"We had to recreate the credibility of statistics – their reliability. It was a difficult task. But Lithuanians now believe our statistics more and more. Demand for our publications is rising. It doesn't mean everything is solved. We have to implement the principles of confidentiality, transparency, a proper legal basis for statistics, and our own independence.

"But we don't feel any pressure from Government – except in demanding the latest numbers!"

"Statistics are important and it is necessary to spend money to improve them. I would stress three points:

"First: the dissemination of results – to improve the credibility of your data is a key element in improving your presence in the country.

"Second: presence in the research fora – joint projects with universities and other institutes to improve the quality of your action and disseminate the problems of statistics to other groups, for example economists.

"Third: to be present in public opinion – using newspapers or other ways of letting the public know about statistical problems."

And from a CMFB member...

ENRICO GIOVANNINI, Central Manager for Institutional and Business Statistics, Italian National Statistical Office (ISTAT), speaking to CC delegates:



Alongside NSIs, central banks are key players in painting an accurate statistical picture of a country's economic health. CMFB (Committee on Monetary, Financial and Balance of Payments Statistics) typifies this. JOHN WRIGHT went to the Czech National Bank (CNB) in Prague to speak to MARTIN SVEHLA, its Public Relations Director. Talk of statistics turned inevitably to preparations for accession and state of the economy, for these are inextricably linked.

An open Czech

Martin Svehla typifies the new dynamic and open Czech Republic.

His clothes, his manner, his surroundings would not be out of place in banking circles in Frankfurt, Paris, London or Rome. I call at short notice. This does not faze him in the slightest. He quickly assesses my needs. My tape recorder is switched on. He switches on. And for 40 minutes he delivers a frank tour de force on the economy, statistics and accession. Then he abandons me to conduct a press conference. It's all very professional...

CNB's view on preparing for EU membership?

"A task we can divide into different areas. Main one is to increase the importance of the economy – to increase living standards, skills of the people... I think this can create the basis for EU negotiations. Second is to tune our legislation and instruments to the EU. Third: to tune the fundamentals – not only to the Maastricht criteria, but to reach the same economic dynamism as the EU, the same rhythm of economic life; not to be faced with problems and conflicts as we approach membership."

Importance of statistics?

"Statistics are something many people here forget to consider when speaking about the EU – about communication

with the 'other world', the necessity to transform the economy, and so on. But statistics are the main channel of communication: the very important device to see realistically what's going on in the economy; where the sensitive and problematic things are; what to do and how to do it, and the results.

"At the very beginning the CNB made a lot of effort to adjust our statistics to compare with the other world. This started immediately in 1990 with the necessity to communicate with the IMF and neighbouring countries, with the EU and G7 – all those who wished to assess the Czechoslovak economy for possible investment etc.

"Whenever you communicate you need figures to compare with similar figures abroad. In my opinion, statistics are extremely important for communication as well as efficient management of economic and monetary policy based on proper information. Many likely investors are interested in looking at the main figures on our macro-economic position.

"If you compare foreign investors with our own entrepreneurs, you always see that foreigners are much more used to dealing with such figures. Our people know how to organise their activity but don't care so much about possible macro-economic changes and developments.

Tradition since 1918

Svehla says "After foundation of the Czechoslovak Republic in 1918, we started with a sovereign monetary policy. This was submerged in 40 years of communism and emerged again in 1990.

"In the communist period the whole banking sector was based on the existence of a mono-bank that performed as a commercial bank and a monetary institution. In addition, we had CSOB – a commercial bank for international settlements – and a savings bank that collected deposits, mainly from citizens. This was the whole banking sector.

"Economic reform following the 1989 revolution started by splitting the mono-bank into four parts: a monetary institution, which kept the name State Bank of Czechoslovakia; one big commercial bank for Slovakia and one for the Czech Republic; and an investment bank that collected past credits issued by the mono-bank.

"The State Bank took part in preparation and realisation of economic reform after 1991. We split the country in 1993 to form the Slovak and Czech Republics, so in principle the new Czech National Bank has existed since 1 January 1993, but the modern monetary policy since 1990.

"But we see and feel the tradition from 1918."

"Lastest example is linked to the fact that we have abandoned fixed exchange rates. For years people were very used to fixed exchange. They didn't care about possible changes in interest rates. Now they are faced with huge changes, with some losses. This taught domestic entrepreneurs a lesson: that they must be aware of the country's macro-economic position and constantly update their views and forecasts on how things are working and how they may develop."

Just how accurate are Czech macro-economic data?

Svehla: "I think in comparison to other countries we are a little behind with our figures – mainly those from the Czech Statistical Office but also banking statistics, which are extremely important."

"This is certainly a problem. What are first presented are outlooks, not final figures. I think it is necessary to have these. They give important signals. But sometimes revisions are quite significant and we have examples that completely changed the view of things. I suppose such problems are linked to

the fact that we are in many areas under some kind of development process. And if I am upset by this I have to add that, on the other hand, there is significant improvement in the data."

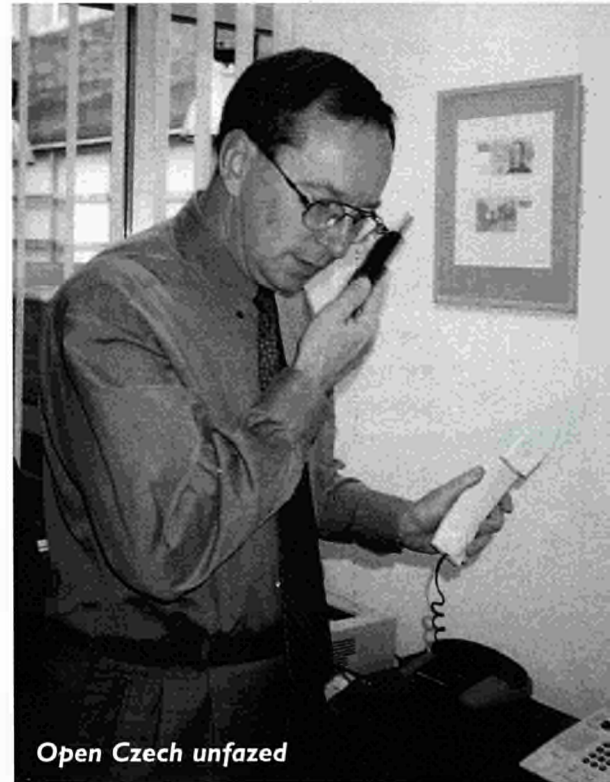
Keeping a balance

Most interesting economic statistics at present?

"Everybody's focused on our balance of payments. We are faced with an imbalance, with quite sharply-growing economic demand and quickly-growing wages in comparison to productivity. All this adds to the deficit."

"Certainly, due to our convertible currency and completely open economy, foreigners are keen to follow developments in this area: what our external position is; if there's some kind of imbalance; whether we're able to handle it or not."

"The 1996 balance of payments was in deficit by 160 billion crowns. After eight months of '97 it was 97 billion with quite a significant decline in monthly figures from roughly 15 billion to 9.7 billion."



Open Czech unfazed

"You know, central banks are always very cautious and reluctant to call something a positive signal. But we have developments now – mainly in the dynamism of exports, which are now higher than imports – that, if continued, perhaps could be a good signal. This is the cautious view of the Central Bank!"

Trade takes off

Rapid expansion of foreign trade in the Czech Republic – mostly in the EU's direction – was highlighted in a report and news release from

Eurostat, issued around the time of this interview.

It showed that in the Czech Republic in 1996 the EU accounted for around 58% of both total imports and exports. Around half of all this trade was with Germany. The Czech Republic now accounts for 0.6% of world trade

This table is taken from the report.	C Z E C H T R A D E I N B I L L I O N E C U									
	IMPORTS				EXPORTS				BALANCE	
	1993	1996	95/96 % +/-	1996 % share	1993	1996	95/96 % +/-	1996 % share	1993	1996
World	10.98	21.88	13.3	100	11.28	17.24	4.1	100	0.30	-4.64
EU	4.68	12.81	8.6	58.5	4.69	10.04	-0.5	58.2	0.01	-2.77
Germany	2.78	6.53	6.7	29.8	2.86	6.20	-0.3	36.0	0.08	-0.33
Austria	n/a	1.26	-5.7	5.8	n/a	1.11	2.3	6.5	n/a	-0.14
Russia	1.08	1.62	13.0	7.4	0.49	0.55	13.2	3.2	-0.59	-1.07
USA	0.33	0.74	13.7	3.4	0.20	0.37	15.6	2.1	-0.13	-0.37

"This economy and its structure can be described better by the current account including services, tourism, transport etc. If this becomes more or less in balance it will indicate stability or equilibrium and a good basis for growth and development of the economy."

He adds: "Keep in mind that for a long period Czech exports were oriented towards the east, Russia etc. To stream them in the opposite direction means a complete change of structure with huge increases in quality. It requires a lot of investment and certainly we hope that extensive privatisation might create a good starting position for entrepreneurs to find a place in the market and the chance to develop."

"This is perhaps much more difficult than one expected but I am optimistic. There are quite good conditions here. Before the war the country was highly developed, well industrialised. If you travel around you see in practically every village some old works or factory that once employed 20, 50 or 100 people. So it is possible, with not a large amount of capital, to start new activity. Our people are skilled enough and have the ideas to do this. Perhaps if they find the capital – on the capital market, if it improves, in



the banking sector or from foreign partners – this can work."

VW success

Main exports at present?

Svehla: "These are affected by the Skoda-Volkswagen enterprise, which represents roughly 7% of our exports. This is an example of a very successful privatisation process with the participation of a strategic partner. The investor, the Czech partner and the Czech economy all gain."

"One could say that the recent improvement in our exports is linked to devaluation of the crown in May 1997. But again the statistics give a different answer. Look at the development in machinery and equipment. This part of industry has been growing continuously for a long time. [In 1996 industrial products made up 85% of Czech/EU trade. Machinery and transport equipment alone accounted for 36% of transactions.] So I think devaluation is not the only reason for healthier exports."

"This underlines the importance of statistics!"

"We must have good statistics to know where we are, the changes taking place, and whether we are heading in the right direction or not."

"The statistical department is a strong department of the Central Bank. Certainly without statistics we cannot live."

"Monetary policy is something you decide now and affects the future. You have to base your decisions on forecasts. Good monetary policy depends on proper information, which means it depends on statistics."

Can't afford debts

Says Martin Svehla: "I think what we have to go through is a huge and difficult development. We changed the system. Now we have to improve it: improve the rules; clean up things that restrict development; be open to new entrepreneurial activity; create more confidence into the system...in this way to attract foreigners to take part in the restructuring process."

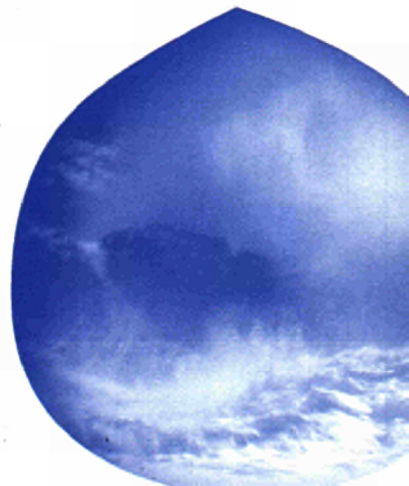
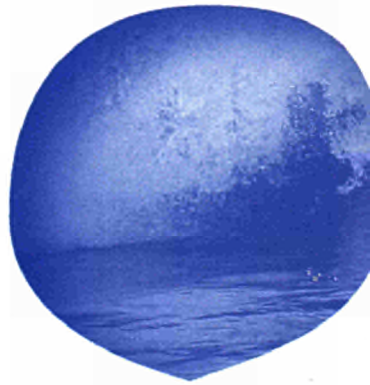
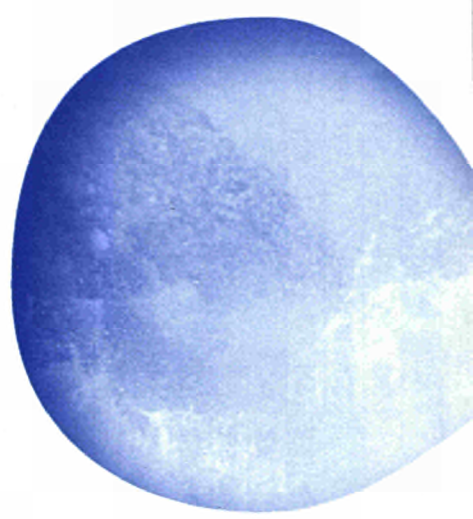
"We need much higher economic growth, in line with other countries, together with adjustment of other fundamentals and aspects of the economy. Currently we can gain from some differences with other countries, mainly in wages, living standards, some prices, and so on. But this cushion will become weaker and weaker."

"We cannot afford to create many debts, shifting our costs to future generations. I think we have to solve our problems now, when they crop up, and to tune and adjust the whole system so that upon accession it matches the standards of EU Member States."



CNB gold reserves. "We see and feel the tradition from 1918"

Eurostat
and the **Sigma** team
wish all our readers
a very **happy**
New Year





Statistical Office of the European Communities

Our mission is to provide the European Union with a high-quality statistical service

1998

January	February	March	April	May	June
1 Thu <i>New Year's Day</i>	1 Sun	1 Sun	1 Wed	1 Fri <i>Labour Day</i>	1 Mon <i>Whit Monday</i>
2 Fri	2 Mon	2 Mon	2 Thu	2 Sat	2 Tue
3 Sat	3 Tue	3 Tue	3 Fri	3 Sun	3 Wed
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5 Mon	5 Thu	5 Thu	5 Sun	5 Tue	5 Fri
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7 Wed	7 Sat	7 Sat	7 Tue	7 Thu	7 Sun
8 Thu	8 Sun	8 Sun	8 Wed	8 Fri	8 Mon
9 Fri	9 Mon	9 Mon	9 Thu <i>Maundy Thursday</i>	9 Sat	9 Tue
10 Sat	10 Tue	10 Tue	10 Fri <i>Good Friday</i>	10 Sun	10 Wed
11 Sun	11 Wed	11 Wed	11 Sat	11 Mon	11 Thu
12 Mon	12 Thu	12 Thu	12 Sun <i>Easter Sunday</i>	12 Tue	12 Fri
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20 Tue	20 Fri	20 Fri	20 Mon	20 Wed	20 Sat
21 Wed	21 Sat	21 Sat	21 Tue	21 Thu <i>Ascension Day</i>	21 Sun
22 Thu	22 Sun	22 Sun	22 Wed	22 Fri	22 Mon
23 Fri	23 Mon	23 Mon	23 Thu	23 Sat	23 Tue <i>Luxembourg National Day</i>
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28 Wed	28 Sat	28 Sat	28 Tue	28 Thu	28 Sun
29 Thu		29 Sun	29 Wed	29 Fri	29 Mon
30 Fri		30 Mon	30 Thu	30 Sat	30 Tue
31 Sat		31 Tue		31 Sun <i>Whit Sunday</i>	

EUROPEAN
COMMISSION



Statistical Office of the European Communities

Our mission is to provide the European Union with a high-quality statistical service

1998

July	August	September	October	November	December
1 Wed	1 Sat	1 Tue	1 Thu	1 Sun <i>All Saints Day</i>	1 Tue
2 Thu	2 Sun	2 Wed	2 Fri	2 Mon	2 Wed
3 Fri	3 Mon	3 Thu	3 Sat	3 Tue	3 Thu
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13 Mon	13 Thu	13 Sun	13 Tue	13 Fri	13 Sun
14 Tue	14 Fri	14 Mon	14 Wed	14 Sat	14 Mon
15 Wed	15 Sat <i>Assumption Day</i>	15 Tue	15 Thu	15 Sun	15 Tue
16 Thu	16 Sun	16 Wed	16 Fri	16 Mon	16 Wed
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24 Fri	24 Mon	24 Thu	24 Sat	24 Tue	24 Thu
25 Sat	25 Tue	25 Fri	25 Sun	25 Wed	25 Fri <i>Christmas Day</i>
26 Sun	26 Wed	26 Sat	26 Mon	26 Thu	26 Sat <i>Boxing Day</i>
27 Mon	27 Thu	27 Sun	27 Tue	27 Fri	27 Sun
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31 Fri	31 Mon		31 Sat		31 Thu

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Sigma sent JOHN WRIGHT to talk to top people in the NSIs of two of the smaller Candidate Countries. His brief: to record their view of statistical cooperation with the EU and how they are rising to the challenge of preparing for membership. First he interviewed DR EVROS DEMETRIADES, Director of the Department of Statistics and Research of the Republic of Cyprus. Cyprus was first of the six countries recommended for accession negotiations: it submitted its application for membership in 1990 and received positive assurances from the European Council in 1993.

Cyprus figures on a solution

When the Cyprus NSI joins the EU statistical 'club' it will certainly stand out in the crowd. It represents a country with a very distinctive character and a rather uncomfortable political problem. It's a problem that Evros Demetriades hopes EU membership may help to solve; but more on this later...



Dr Demetriades heads the NSI of a country where east faces west

First, its character. It has one foot in the orient but sturdy historical and cultural ties with Europe – especially with two very different existing EU members, Greece and the United Kingdom.

Until 1960 it was a British colony – and prospered. Today, as **Dr Demetriades** puts it, "about a third of the population of Cyprus lives in the UK". Quite a few Britons also live in Cyprus. It has kept many British values, and relationships with the former ruler are close and warm, despite a messy armed struggle for independence in the 1950s.

The Republic is a member of the British Commonwealth and still hosts British military bases. There are nearly a million British tourists a year (and a quarter-of-a-million Germans come to that).

President Glafkos Clerides was in the Royal Air Force in the Second World War. He was shot down over Germany, believed dead. His family even held a memorial service for him.

Despite its British connections, geographically Cyprus is part of Asia – an ancient gateway to the east. And nearly 85% of its population of almost 750,000 is of Greek origin; they feel very close to Greece.

Twelve per cent is Turkish, which leads us to the political problem. The introduction to *Cyprus in figures* put it this way:

In July 1974 Turkey invaded the island, eventually occupying 40 per cent of the total territory of the Republic of Cyprus. As a result, 200,000 Greek Cypriots [nearly a third of the Greek population] were displaced from their homes and were forced to flee to the southern part of the island. The UN General Assembly unanimously adopted resolutions calling for the withdrawal of all foreign troops from Cyprus and the return of refugees to their homes, but without result.

Running sore

And so it is today – a running sore. But **Dr Demetriades** believes EU membership might, just might, one day heal the wound. This must give added impetus to his efforts to ensure that Cypriot statistics are in the best possible shape. Let him explain... But first, the man himself: patrician in the Greek way but more than a little English, which is hardly surprising given his background...

He says one thing the British can be proud of is the good civil service they left behind. It absorbed the best brains. He is part of that. He says Cypriots educated in England were considered the elite. He studied at Queen's University, Belfast, the University of Cambridge, the London School of Economics and, for good measure, the University of Minnesota on a Fulbright Scholarship – a fairly unbeatable combination. He became Director of the NSI at beginning of 1981.

The political problem

Why, I ask *Demetriades*, does Cyprus want to join the EU?

"I think there are three basic issues:

"One, we believe that as a member the EU will understand us better, which will assist in solving our political problem with the Turks.

"Two, we have been trading with Europe for a long time. Most of our tourism is from Europe. Although we belong geographically to Asia, we are culturally European with our economy to European standards. I think by joining the EU we shall have more prosperity and stability – both political and economic – as part of a bigger 'nation'.

"Three, we believe we shall have security. Because we are a small island, we can't defend ourselves. EU membership will enable us to plan for the long term."

You feel a little vulnerable at the moment?

"Very much so.

"The main threat, of course, is Turkey. But things are not so straightforward because Greece is an EU member and still has problems with Turkey, which is also its main threat. But inside the EU at least we shall feel more secure."

We discuss the prospect of Turkey joining.

Demetriades: "If they did, it would be much easier for everybody. But as things are at the moment there are perhaps 15 or 20 years behind us."

Does his office try to monitor what is happening in the Turkish-occupied part of Cyprus?

"On several occasions thought has been given to this. But we can't

incorporate anything in our official statistics for various reasons. We don't have any control of the statistics: we don't know their accuracy or their timeliness. We simply get information from the newspapers and bulletins they publish."

There is no official contact between Greek Cypriot statisticians and Turkish Cypriot statisticians, and **Dr Demetriades** tells a story that illustrates this vividly and also underlines the patent absurdity of the situation...

"They have a so-called Director of Statistics, Mr Feridun Feridun. I had a chance to talk to him a month ago in Istanbul when we both attended an international conference. I was chairing a meeting and presenting a paper and he came up and congratulated me. We had a very nice talk and exchanged cards and he said he was very willing to cooperate with us on quite a number of things but was restrained by the political situation."

You can't actually meet in Cyprus?

"No.

"When I first met him I said, 'You must be the son of one of my teachers who had the same name'. He said, 'No – he's my uncle'. At the English School in Nicosia I had his uncle as my chemistry teacher.

"I know quite a number of Turks from school. They have senior positions in government. They seem to get all our statistical publications – either from friends or by sending people into the government-controlled area to buy them. And we obtain some of their publications from various sources and keep an inventory."

He adds that the Turkish enclave is run by Turkey with little independence of action. "Most Turkish



A divided island: around 650,000, mostly Greeks, live in the Republic; nearly 90,000, mostly Turks, are in the northern enclave

Cypriots want to be closer to the Greek Cypriots. I have the feeling that if the Turkish Army left tomorrow, in less than 24 hours most Turks would return to their homes and villages in the Government-controlled area. As long as they felt secure, they would be more than glad to go back home, where, I think, they would enjoy better prosperity and a better environment."

When Cyprus joins the EU, won't the Turkish-occupied area wish to rejoin the Republic in fear of missing out?

It is clear that he believes membership is the best hope of reconciliation. "I think two steps would raise their prosperity very quickly if they rejoined us. Firstly, if what we have been spending on arms all went to the Turkish-occupied area. And, secondly, the amount of technical assistance they would receive from the EU, UN and the Americans to raise their standard of living.

"I believe in no time – two or three years – we could all reach a good level of prosperity in Cyprus, both Greeks and Turks. The human and financial resources on both sides being wasted on arms and military forces is quite unnecessary."

We talk a little about the relatively short history of the Cyprus statistical office.

"It was established in 1950 as a small administrative unit of the then British colonial government, collecting basic vital statistics, customs revenue etc. First attempts to compile national income figures were in 1954. First population census had been in 1881 after the British came in 1878. After independence in 1960 we became a fully-fledged department under the Ministry of Finance.

"The Government realised straight away that it needed data for socio-economic planning. So the Department was expanded and now we have nearly 150 regular staff supplemented by casuals for censuses and surveys. Professionally and technically we are independent of the Ministry but 'belong' to it administratively. The status of statistics within government is quite high.

"We moved into a brand new six-storey HQ in Nicosia in 1996, which illustrates the Government's commitment to statistical development.

"Like any advanced statistical office we produce the whole range of data. For every sector of the economy we have an annual report. Now we are more or less electronic with pages on the Internet etc."

Comparisons

How, I want to know, do they compare with other NSIs: Greece, for example?

"We have a very well-developed statistical system based on two main principles:

"One, our data are comparable internationally using UN concepts and definitions.

"Two, we have been expanding and now cover many basic fields important for integrating into the European system. But I think we still have a lot to do to meet all Eurostat requirements because they put much emphasis on statistics on social condi-



Dr Demetriades outside his new HQ

tions and regions, where we are less developed.

"In many fields we are in a better position than Greece. Reasons? We are smaller. The NSI has had a stable administration, in the sense that my job is not political; I have been Director for 17 years or so. Quite a number of Ministers and under-secretaries have passed through the Ministry of Finance. I am untouched – a civil servant: they have to find a very serious excuse to fire or move me. Such stability is important in every government office, especially statistics. It ensures impartiality.

"The other important factor is the Government has been spending quite a lot of money on upgrading statistics. One proof is our new building. Also we have a continuous training programme, and the Department is now well qualified for any kind of statistical work the Europeans want.

"Unfortunately, the past few years have seen a tendency for less government – cuts in the government labour force – and that is hitting statistics in a sense. And there is also a tendency now to give more statistical survey work to outsiders – to contract out work we used to do ourselves."

Demetriades continues: "The department has a very important role to play in every aspect of negotiations for joining the EU. When Greece joined, it was a political decision. But now every country has to prove it has a sound economy and the infrastructure and institutions that will integrate with the EU. And the customs union is also very important for us." [A customs agreement with the EU has been in force since 1988.]

Quickly as possible

"After our application to join there was an initial evaluation of our statistical system by the Europeans. It was found to be on quite a reasonable basis and straight away we started an action plan with the help of Eurostat to move to EU standards at a faster pace. We hope to meet these standards in three to four years.

"For example, we are going to introduce a harmonized CPI. And every time we start a new survey or inquiry we try harmonize to EU standards. This is a good policy because we don't need many extra resources for all harmonization processes.

"Of paramount importance to us is the experience of Sweden, Finland

and Austria, because they had pre-accession talks for a number of years. So we try to see how they went about preparing."

When does he think they'll join?

"As quickly as possible! But I don't think it will be before 2001 or 2. It's encouraging that we're in the first group of six."

Will he still be Director then?

"No, I retire at 60, on 1 July 1998. I've been in government for 42 years. Of course, I shall still be involved in the various studies relating to membership.

"It is a challenge but, I must confess, hard work to make it work. I faced a similar problem when I became Director nearly 20 years ago. I had to introduce a new system of national accounts, which are now very important statistics for accession. We had extensive technical assistance from Germany.

"I really enjoy working on new things. To me, statistics have never been boring. They have been a challenge... Firstly, in applying scientific methodology; secondly, in applying new technology in collection and dissemination; and, thirdly, in making statistics more consumer- and user-oriented with a more relevant role in government and public life than used to be the case.

"Now the challenge is to expand to match the variety required by the EU, with new technology, new techniques, and also new areas of statistics.

"It is a field never saturated: users always need better and more accurate and timely data, which I think nobody can satisfy."

"Although, as a statistical office, we are small, we still have to do what a big country does. We take particular pride in improving our statistical database both in quantity and quality, and in dissemination. I think there's no point in having information in files or people not knowing what we're doing. But I must admit that statistical development is a painstaking affair. It needs a lot of investment in both human resources and capital investment in new technology, and in building an infrastructure, which you can't have overnight. You have to plan over a number of years."

Our interview ends. It is clear that statistics in Cyprus – indeed, the Republic of Cyprus as a whole – have a staunch and forceful advocate in the elegant shape of Evros Demetriades. It's a pity that he won't be around when the NSI joins the EU statistical 'club'. But it is clear that his influence will be.

ECONOMY IN GOOD SHAPE

Says Demetriades: "Our economy is in good shape. In 1996 we achieved growth of 2% in real terms, very comparable with quite a number of European countries. Our inflation is low, around 3%. Turkey has over 100% a year, which is reflected in the Turkish-occupied part of Cyprus.

"Unfortunately in 1997 we've been suffering from a very severe drought, although we are an island and surrounded by water! This will have a serious impact on all economic activity. We have invested heavily in dams and now we are into desalination.

"Tourism is expanding in 1997 and we hope this will make up for quite a number of the setbacks in agriculture. Mind you, the Turks at the moment are occupying the best land, the best tourist resorts – it's simply that they don't exploit them or utilise them in the best possible way.

"The services sector outside tourism is becoming very important. We have very good telecommunications system. We also have good public administration and the civil service is relatively efficient."

PROSPECTS FOR A POLITICAL SETTLEMENT

Efforts since 1993, chiefly under UN auspices, to work towards a political settlement, in accordance with various UN proposals, have not achieved much progress. The UN conducted intensive contacts with the leaders of the two communities during the first half of 1997 which have now led to face-to-face talks between them under UN auspices. There is a chance to make progress before the Presidential elections due in Cyprus in February 1998.

The shape of a settlement, establishing a bicomunal and bizonal federation, is well established, and supported by the Union. A number of options for constitutional and territorial arrangements to implement it have been explored, and the beginnings of a possible consensus have sometimes been discernible. But there has not hitherto been sufficient incentive for the two communities to reach agreement.

The Union is determined to play a positive role in bringing about a just and lasting settlement in accordance with the relevant United Nations Resolutions. The *status quo* which is at odds with international law, threatens the stability of the island, the region and has implications for the security of Europe as a whole. The Union cannot, and does not wish to, interfere in the institutional arrangements to be agreed between the parties. But it is available to advise on the compatibility of such arrangements with the *acquis* of the Union. The prospect of accession, whose political and economic advantages are now becoming clear to Turkish Cypriots as well as to Greek Cypriots, can in itself provide such an incentive.

Extract from the European Commission's Agenda 2000

Next JOHN WRIGHT focused on Latvia, not one of the frontline Candidate Countries for joining the EU but clearly, in statistics as in other areas, working hard towards that goal. He spoke to AIJA ZIGURE, Vice-President of the Central Statistical Bureau.

Latvia steers steadily west

It's a question I always ask, I say, but why do you want to join the EU?

Ms Zigure: "We are working a lot on economic reform – from a planned to a market economy – and we see our main economic partners in Europe. We believe such relations would be much more flexible as a member of the EU. There will be political and cultural advantages, too."

Are most Latvians in favour?

"Of course, we haven't had special surveys. But, yes, most of them support the idea."

When do you think you'll join?

"It is difficult to say; probably first years of the next century."

I ask Ms Zigure about the work of the CSB and how it conforms to EU standards.

"The state statistical system has undergone considerable change. Our work is now directed towards adapting to the vast amount of international and, above all, EU statistical standards in the fields of classifications, methodology, information and data-processing systems.

"We have some 400 staff with 200 in the main office in Riga. CSB collects, compiles and publishes all kinds of key data – sectoral, macro-economic, price, living standards, balance of payments etc. We use data not only from regular enterprise surveys but also from statistics prepared by other institutions and from other registers.

"We are working a lot to improve statistical registration methods and on



Aija Zigure

wider use of statistical registers, implementation of new surveys and introduction of advanced information technology. So – a range of activities to improve data reliability and conception.

"I can't say that at the moment it's all 100%. We have evaluated how our current statistical output corresponds to EU requirements. At present we can ensure, fully or partially, the execution of 75% of requirements that form the basis for improving existing statistical surveys. If current development is maintained, Latvia could meet all these requirements by the year 2000.

"We are very grateful to Eurostat and its highly-professional specialists who help us organise workshops, seminars, study visits etc."

Is there a lot of contact?

"Yes. It occurs in several ways. We have meetings like the one with CMFB (Committee on Monetary, Financial and Balance of payments statistics) in Prague. These are good for meeting statisticians from other countries in transition and from EU Member States and Eurostat, hear their assessment of us and express to them our wishes for assistance.

"In reorganising our statistical system it is very important for our specialists to participate in seminars organised by Eurostat and other international organisations – in working groups, meetings, task forces. This enables them

to broaden their knowledge of particular themes; for example, financial and monetary statistics, calculation of price indices, foreign trade accounting...

"Eurostat pilot projects on a certain statistical theme are important for developing practical skills. These are organised under the guidance of professional experts, usually from EU Member States. This enables us to use their experience in drawing up questionnaires and creating a sample, organising projects and training interviewers, as well as in dissemination. The aim is to do such these things subsequently without any help.

"We have also bilateral cooperation with some EU NSIs. For example, Italy on research on the hidden economy; Finland on development of price

indices and sectoral statistics; Sweden and Denmark on business statistics. We also have close cooperation with other Baltic countries.

"We also try to use the experience of other transition countries. For example, we have good contact with the Hungarian CSO on estimates of input-output tables."

Where, I ask, is the most work still needed?

"We have to work a lot on registers – improving our business register. Of course, we are working to develop a harmonized CPI. We have a lot to do in branch statistics – agriculture, industry, construction, investment... Some of these areas are to the required standard; others only partly so.

"Of course, not all our work is for Eurostat. Every year we draft a statistical programme which is approved by the Cabinet and plays the main role in the organisation of our work. It includes all kinds of key data collected, compiled and published for both domestic users and the different international institutions."

Big differences

Ms Zigure has long experience of Latvian statistics, much of it under communism. She became Vice-President nearly three years ago.

She says: "Statistics in planned and market economies are totally different. Very big differences started from 1991-92 when we began to work with EU specialists.

"We are now an independent office supervised by the Ministry of Economy."

How is that independence guaranteed?

"We have had a statistics law from 1993. It now needs certain changes to meet EU requirements and Parliament has passed a second reading of a new law."

Main features?

"Duties and responsibilities of respondents and the statistical office are determined more definitely. Statistical confidentiality is reflected in more detail.."

You really are independent from the political process? Does the Government see key figures in advance of publication?

Growth – Latvia & and rest

GDP of the 11 Candidate Countries (CCs) was put under the spotlight in a report and news release from Eurostat in the autumn. This was a good example of statistical cooperation now under way between the EU and CCs, and the momentum it is gaining.

Data were in PPS (purchasing power standard), an artificial currency used to eliminate the effect of different prices for comparable goods and services in each country. The report stressed this is a difficult exercise for economies in transition.

It showed Latvia with the lowest GDP per head in PPS: 18% of the EU average. This hadn't moved since 1993 and represented 28% of the level in lowest EU country Greece. Total GDP of CCs¹ in 1995 was 589.1 billion PPS – 9.1% of the 6,464.3 bn PPS of the EU. Latvia, Lithuania, Estonia and Slovenia together represented only 8.4% of the CC¹ total.

The report said average annual GDP growth rate (1995) in CCs of 5.2% reflected fairly sustained economic growth at a level higher than the EU (2.4%) for the third year running.

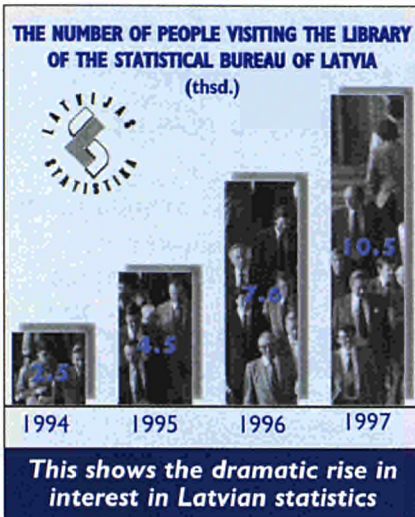
The only ones with growth below the EU were Bulgaria (2.1%), Hungary (1.5%) and Latvia (-0.8%). The last two had growth below 1994 levels. In addition, Latvia, where growth in '94 was positive for the first time since 1991, showed a negative rate again, the only CC to do so.

The data were sent to Eurostat by CC NSIs as part of the pre-accession strategy. This aims at adequate macro-economic statistics for these countries, plus assessment of their quality. The report stressed the data must be treated with caution. They are not yet in line with EU standards and comparability with EU statistics can't be guaranteed.

Candidate Countries' GDP in 1995

	Annual growth rates in %	Total at current prices in billion PPS	Per person at current prices in PPS as index (EU = 100)
EU	2.4	6,434.3	100
Candidate Countries	5.2	589.1 ¹	32 ¹
Bulgaria	2.1	35.4	24
Czech Republic	4.2	101.8	57
Cyprus	5.8	n/a	n/a
Estonia	4.3	5.8	22
Hungary	1.5	65.4	37
Latvia	-0.8	7.9	18
Lithuania	3.0	15.3	24
Poland	7.0	205.2	31
Romania	7.1	94.3	24
Slovakia	7.0	37.8	41
Slovenia	4.1	20.3	59

¹ excluding Cyprus



"All users whether government or not see them at the same time."

Not even the Prime Minister first?

"No, honest!"

Why do you regard this as so important?

"We are following the experience and standards of statistical offices in other countries where no user is given priority in obtaining or using data."

Stable economy

How, I ask, is the Latvian economy performing at present?

"At the moment it is more stable. Our CPI is going down – 8% at present – and GDP is going up; we expect quite a good increase in 1997. It is important to note that in 1997, for the first time since transition began, GDP growth is led not only by service sector growth but also by industrial recovery. Investment – including foreign investment – is growing. For the first time since reform began, there is also moderate growth in the agricultural sector. In 1995 we had quite a big banking crisis but now its effect has ceased and our economy is developing again."

General standard of living?

"At the moment it is medium – like other countries in transition. At the same time there are some positive changes: rising income per family member; money not spent mainly on

food and rent but also on saving for the purchase of durable goods. Lower inflation influences living standards; people feel more secure."

Growing demand

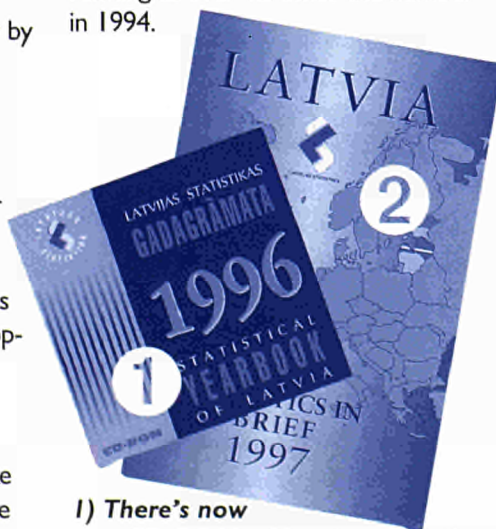
What, I ask, about your relationship with the press?

Zigure: "We have a special department for information and dissemination that issues regular press releases, and we have regular press conferences when we publish results on more important surveys or indicators, for example the labour force survey or new data on the CPI or household consumption."

"We are making a conscious effort to make our information more popular. Every year we prepare a special catalogue of forthcoming publications that is sent to every user and published in main newspapers."

"At the year-end we plan to open a special information centre with the partial financial support of Statistics Finland. It will have a public library with reading room, small shop for selling publications, and a depository based on the existing library. It will be possible for people to use the Internet in the reading room."

CSB is witnessing a burgeoning demand for data. Request from Latvians have more than doubled in three years and from overseas are running at over 12 times the number in 1994.



- 1) There's now a CD-ROM of Latvian statistics
- 2) Example of bright, modern publication in English

Zigure: "More than 70% of our publications are now in English as well as Latvian."

So, no doubting the commitment of the CBS. There's a way to go but the signals are all positive.

The big question, as always, is: Do people now trust official statistics?

Zigure: "Generally, yes – there's no big opposition. Sometimes some economists try to analyse the data and point out some weak areas; but in general they use our data – and I hope they trust it."

HISTORICAL NOTE

In 1918 Latvia was proclaimed an independent state. In 1940 it was occupied by and incorporated into the Soviet Union. On 4 May 1990 the Supreme Council of the Republic adopted the Declaration on the Renewal of Independence, and on 21 August 1991 a constitutional law was passed declaring statehood based on independence and democracy and determined by the 1922 constitution.

On 17 September 1991, Latvia was granted full UN membership. On 10 February 1995 it became the 34th member of the Council of Europe and is now among the 11 Candidate Countries for EU membership, although not among the first six recommended by the Commission for accession negotiations.

The statistical office began life in 1919 and has a continuous history since, much of it, of course, within the rigid Soviet system. As Ms Zigure aptly puts it "a long history but we started anew in 1990".

The booklet *Latvia – Statistics in brief 1997* shows that at the beginning of 1996 Russians formed nearly a third of the nearly 2.5 million population.

In a third look at the accession process in Candidate Countries' NSIs we focus on one of the largest of the six recommended for accession talks – Hungary. We asked DR TAMÁS KATONA, President of the Central Statistical Office, to give us his point-of-view.

Statistics' Hungarian rhapsody



Dr Katona ...

...graduated from Leningrad University of Arts and Sciences, Faculty of Mathematics. He took his doctor's degree in statistics at Budapest University of Economics.

From 1985 to 1990 he was a member of the Demographic Commission of the Hungarian Academy of Sciences and a founder of the Society of Hungarian Statisticians.

He worked in various departments of the CSO up to 1990. He then moved to the Ministry of the Interior as deputy director of the data-processing office.

He became CSO President in May 1995. He also lectures as assistant professor at Budapest University of Economics, Faculty of Statistics.

In recent years EU compatibility has been observed in every stage of the further development of Hungarian statistics.

We have had considerable achievements in the following areas:

- We have started compiling and publishing quarterly GDP value.
- For the last two years we have calculated and published per capita GDP values and GDP values broken down by county.
- On external trade, there have been full surveys. So, in addition

to customs data, both export and import figures include products conveyed in and out of customs-free areas (bonded warehouses).

- We are adapting financial statistics to EU requirements. Several elements have been realised but the work is not yet complete.
- Considerable progress has been made by a full survey this summer and autumn, and now nearly complete, to help compilation of the register on economic organisations.

This is not all. We have also made several methodological improvements in both branch and social statistics to comply with the requirements of Eurostat and domestic users.

But further action is needed. The most important is:

- Further development of data collection on small and medium-sized enterprises.
- Harmonization of agricultural statistics to EU requirements.
- Adapting consumer price statistics' methodology to EU practice.

- Alteration of industrial units of observation (a pilot survey in this field was being undertaken in 1997).
- Adapting to Eurostat harmonized transport statistics to observe central goods transport.

Strengthening

The Hungarian Central Statistical Office (HCSO) has had very good and close relations with the EU statistical apparatus for years. New challenges are not expected; rather, we count on strengthening our personal relations with EU experts.

Pre-accession focuses the public on a lot of questions. But these are mainly on the economic and social advantages and, in some cases, the limits to be expected. Statistical questions are not in the foreground.

In its publications, HCSO has issued inter-country comparisons of time-series for several years. In these, data of EU countries have always been grouped separately so people can see our relative position.

In our economic and social analyses we regularly examine our relations with various world regions, especially the EU. Example: we have compared the situation of public and private sector employees with that in several EU countries.

The scope of international cooperation is far-reaching. We consider regional seminars especially important: we organised one for CEFTA countries in Budapest this June.

The Phare programme has had several results for Hungarian sta-

tistics. Our experience proves the really successful projects are those in which experts of the donor country or international organisation take into account both the relative level reached by the recipient country and its special needs. Transition countries are not equally developed statistically, so their individual needs in the same area can be different.

We have received considerable assistance from, among others, Statistics Canada and the UK ONS (eg in farm registers and transport statistics).

We do have less favourable experiences: mainly where donor countries have tried to pass on their experience at joint discussions held with statisticians of other countries.

We have no particular problems in adapting to the EU statistical system. But I should like to emphasise that we wish to harmonize in a way in which our long time-series could be continued. This is not easy. It often requires more detailed enumeration and grouping than is the case in our observing EU requirements only.

However, we must solve this. Long-term time series are a 'national treasure' for Hungarian statisticians in the impartial measurement of our development.

Good traditions

Hungarian statistics have generally favourable democratic traditions. Apart from minor exceptions, we have always published all enumerated data.

Protection of personal rights has gained a more considerable role

in recent years. Individuals to be interviewed or particular groups refuse to respond. In household statistics, for example, many of those with the highest living standards, mainly in the capital, will not give information on income and consumption. This may distort the data. Non-response rate in household statistics is higher than in EU countries.

Another problem is we do not have a full economic register yet. So we can't identify some samples chosen for surveys: they have either ceased trading or are 'phantom' companies.

I don't think such problems are unique to Hungarian statistics. And they bear little relationship to our EU accession, originating rather from the difficulties of transition to a market economy.

To overcome these problems the sampling network has been renewed and Hungarian statisticians are striving for improvements via TV, radio, the press and direct contact with the citizen, for example by publishing our data on the Internet.

How do I see our international role?

Hungary and its statistics have a good reputation in the Candidate Countries' 'club'. But we can't rest on our laurels: we have to work at it continually. This is why I think it is very important for me and my colleagues to participate in every possible international statistical forum. Here we can exchange experiences and hear about the problems and progress of countries similar to ours.

I mean participating not only in international meetings but in

common publications, for example the quarterly CESTAT bulletin.

Preparation for accession gives rise to new problems such as conforming to the EU enlargement of environmental statistics or properly-detailed observation of international migration. Thus it is reasonable for groups of interested countries and the international statistical organisations to organise meetings on such topics. The HCSO plans an exchange of experience on environmental statistics in the first half of 1998. Such meetings help us maintain our international reputation.

One or two other developments worth recording:

Since last January 1997 we have published comprehensive monthly reports monitoring economic trends, including short-term forecasts. These are compiled by the Institute of Economic Analyses and Informatics of HCSO.

We still face the considerable task of improving the national economic enumeration system adjusted to SNA and ESA – for example, further development of information on foreign investment and updating the accounts of some financial transactions. This mainly requires information from the banks and Ministry of Finance, but HCSO's role is decisive in respect of EU harmonization.

It's not really for me to say what we do particularly well or even badly. Such judgements are up to data-users. But I can record that there has been little justified criticism in recent years. The criticism there has been relates to problems we are well aware of, for example the bias and distortions of non-response.

Free

In Hungary, statistics are free of political influence and control. As HCSO President I participate in sessions of the Government and Economic Cabinet and this has two advantages:

- I am able to obtain first-hand information about key topics on the political agenda and give my view as a statistician.
- I have the opportunity of making information on social and economic processes known to decision-makers.

It is undeniable that, alongside these advantages, there is a requirement for HCSO to supply data on some topics more quickly that might be the case if I didn't have a seat at the table!

In 1997, to improve press relations, we have introduced a detailed calendar of release dates that we must observe.

Our media contacts are good but need to be improved in some areas. Though statistics are well represented in the press and on TV and radio, individual themes are not always emphasised in a manner reflecting their importance. It is well known that 'good' news is not as attractive to the media as complaints that possibly affect only a narrow audience.

I wish to develop further the HCSO's PR activity – to strengthen its professional PR base.

HCSO publications are available at booksellers. We have some very popular ones – for example, our pocket books – and I am sure sales can be increased by good PR.

Finally, I hope this article will also contribute to raising the profile of Hungarian statistics.

130 YEARS' OLD

First independent Hungarian statistical institute was established in 1848. But a year later it ceased to exist due to the failure of the struggle for independence from Austria. The present office was founded in 1867 in the Ministry of Agriculture, Trade and Industry.

Hungarian statistics soon became part of the international world of science. A delegation of the Hungarian statistical service participated in the work of the International Statistical Congresses in the Hague in 1869. This was the only international statistical institution at that time.

In 1871 a royal decree established an independent national statistical office. First experimental industrial survey was conducted by the office in 1871 and first volume of the official statistical yearbook issued in 1872.

The 9th session of International Statistical Congresses was held in Budapest in 1876 as a sign of international recognition of successful operation of the Hungarian statistical office. The population census of 1880 led to keen international interest since, for the first time, individual enumeration forms were used.

World War II and the period that followed presented new challenges, again necessitating fundamental changes both in statistical practice and theory.

A completely new situation developed by the nineties. The already loosened central planned economy was replaced by a market economy with different statistical requirements. The run-up to EU membership opens yet another chapter in the CSO's proud 130-year history.

Since January 1996, 17 trainees from the national statistical offices (NSIs) of Central European countries (CECs) have spent periods of up to six months at Eurostat as trainees. This is all part of the process of familiarising CEC NSIs with the workings of the European statistical system, as they limber up for EU membership. Sigma invited two of them – one from Estonia, the other from Slovenia – to describe their attachment in their own words.

First a young man from Estonia

‘An experience not to be missed!’

My name is **ANDRUS ALBER** and I come from a small country, Estonia. Most people don't know where it is. It is the northernmost of the three Baltic states. The capital is Tallinn, situated just 80 km south of Helsinki. I was born in Tallinn 26 years ago and have lived and studied there.

In 1992 I started to work at the Eesti Pank, the Central Bank of Estonia, in the balance of payments department. Like many young people my age I started work at the same time as studying. It was hard but very interesting because Estonia was at the beginning of political and economic changes.

Probably not many in Europe can say that they worked at a central bank while currency reform was being undertaken. This reform, in June 1992 when we stopped using Russian roubles and put Estonian kroons into circulation, was very important for the other economic reforms that followed.

After introducing our own currency we decided to start compiling Estonian balance of payments (BoP). In Soviet times, statistics were so secret that we didn't know how much Estonia was dependent on international trade in goods, services, investments



etc. We had to start our own system. We received a lot of help from the IMF and central banks in Finland, Sweden, Austria, Germany and the Netherlands. The first Estonian BoP were compiled in November 1992. Since then the system has improved a lot but, as in all other countries, it's not perfect (yet!).

Exciting prospect

In August 1996 Eurostat announced they were looking for five people from Central European countries to come and

work in different fields of macro-economic statistics. One field was balance of payments. My colleagues at the Eesti Pank recommended me. The offer was very interesting because it offered the opportunity of an inside look at the everyday work of a European institution, but also a kind of outside look at the work of my colleagues in Estonia. It also offered the chance of studying statistical problems in other Candidate Countries as well as in EU Member States. The prospect of living for some time outside my home country was also exciting.

Some months later I was selected from other candidates and by the beginning of January 1997 I was already in Luxembourg working in Directorate B's BoP unit.

In the first weeks we trainees had many interesting lectures from Mr David Bond (unit C1) and Mr Brian Newson (head of unit B6, quarterly accounts and environmental accounts). We also visited the European Investment Bank and Court of Auditors. All this helped us to gain a better picture of how the EU's institutions work and their relevance to the situation in our countries.

Main area of work during my seven months' stay was collecting information about BoP in 11 Candidate Countries (Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia). In ten, BoP is the responsibility of the central bank and in one the national statistical office.

My stay in Luxembourg from January to August was also interesting from the point-of-view of enlargement of the EU. A lot of work was done for preparation of Agenda 2000 and Directorate B was involved in the statistical annex. This demanded a lot of effort from both national compilers and Eurostat to have data as up-to-date and comparable as possible.

In July, when Agenda 2000 was published, I was very glad the reforms in Estonia had been appreciated and we were among the six countries to be recommended for the first round of enlargement negotiations.

During my stay at Eurostat I received confirmation of my view that changes in statistics at the Bank of Estonia, as well as in other Estonian institutions, were in right direction. We have had many

improvements to our data collection and analyses. At the same time I understood that often we have to implement our own new systems of data collection; that we can't simply take over existing systems in Europe (or the world).

Nevertheless we can learn a lot from Member States and other Candidate Countries. I was very glad to hear from colleagues in Eurostat that in the field of BoP we are doing many things better than in quite a few Member States.

Bureaucratic difficulties

Besides my everyday work I had the opportunity of solving a lot of bureaucratic difficulties with the Commission as well as in Luxembourg. I (and other trainees from Central European countries) had a feeling that a lot of people don't know how many restrictions people outside the EU face compared to Member State citizens.

For example, the authorisation of our stay in Luxembourg took six to

10 weeks. When we wanted to invite our family to visit we had to issue special invitations. They had to apply for a visa and then come only for two to four weeks. Once, when I wanted to go by train for a weekend in Strasbourg, French border control didn't want to let me in because I had a living and work permit for Luxembourg but not a tourist visa for all the Schengen countries. At the same time, the Ministry of Foreign Affairs in Luxembourg was saying that I *didn't* need a special visa for travelling.

Despite all these problems, I took the opportunity to travel as often as possible. Luxembourg is a very good location. In a few hours you can travel to Paris, Brussels, Strasbourg, Cologne, Trier etc.

When I look back on my seven months' stay in Luxembourg I'm very glad that I took the opportunity. I gained a lot of new experience, both professional and personal. I also have many new friends. If anybody asks me if they should go and work for a time at Eurostat, I would definitely say YES!



Next a young woman from Slovenia...

'I hope to return'

I am **NATAŠA GORJAN**. I am 27 and was a macro-economics student at the Faculty of Economy in Ljubljana. At the Slovenian Statistical Office, where I started work in May 1996, I am involved in labour statistics – the monthly survey on changes in the economy and the labour market.



Resulting from cooperation between EFTA and Slovenia, I had the opportunity to go to Luxembourg as a trainee to learn about the European statistical system and EU/EFTA cooperation in this field, especially linked to legislation and data collection.

During my stay I worked mainly with the data collection team of unit A5 – Technical cooperation with Phare and Tacis Countries. The team collects data from Central European countries and transforms them into a CEC database. My main task was to check and revise methodological notes as well as verify data.

As I came to Luxembourg with only a year's work experience, I didn't really know what to expect. I wanted to learn more about the organisation and work of EU and EFTA institutions – to observe the internal organisation of international organisations and their role in the process of harmonization in Europe. Of course, I expected to gain valuable experience in statistics and learn more about Eurostat's work and the statistical systems of different countries. Working with A5 I learned about

development of and problems connected with a statistical database. The importance of metadata is well known. On-line presence of metadata in a database is very significant, especially for understanding and using data for international comparisons.

My participation enabled me understand why it is essential that national statistical offices deliver internationally comparable data, as well as providing meaningful statistics nationally. The value of coordination and harmonization performed by organisations such as Eurostat and EFTA was another important lesson.

Cooperation important

Becoming acquainted with the handling of statistics within the EEA Agreement gave me an overview of the obligations of and relations between members of such an organisation. Similar relations between Eurostat and the national statistical offices of CECs are also being established. But the possibility of future EU membership should not be the

only reason for CECs to adopt European statistical standards. The world has become a global market and if you want to evaluate investment in different countries you need comparable data. And comparable data for CECs are demanded by their own users as well as those in other countries in Europe and beyond.

In Slovenia we had to go through the process of adopting European statistical standards to ensure comparability of data. But adopting new classifications etc created new problems of consistency of time-series. And changes in the market brought demand for new data and therefore for new surveys and analyses. Cooperation between the NSIs of CECs and Eurostat is important. Development of new projects and exchange of experience and knowledge in different fields of statistics allow both sides to obtain better and more internationally comparable data.

Eurostat, as a multi-national organisation, offers many opportunities to meet different people from all the countries of the EU, learn more about their cultures, exchange all kinds of information, witness different life styles... I was not the only trainee from CECs working at Eurostat. I met colleagues from Estonia, the Czech Republic, Romania, Bulgaria and other countries cooperating with Eurostat through the Phare programme. As we share similar problems connected with our transition to a market economy and the pre-accession process, we always had something to talk about.

I am really glad I had this opportunity to spend five months in Luxembourg. I gained valuable work experience and a lot of friends. I really hope I shall have another chance to go there and work at Eurostat – but next time as an expert from the Statistical Office of the Republic of Slovenia!

For his latest profile of a national statistical office, Sigma's JOHN WRIGHT went to the Netherlands to talk to AD ABRAHAMSE (59), Director-General of the Central Bureau of Statistics (CBS). Even in this most advanced of NSIs, the preoccupation is with change, as it is throughout the EU statistical community.

Dutch DG grows 'legs' & changes tempo



CBS office in Voorburg



DG on a motor-cycle

"If we do not give heed to the statistics of the future, there is no future for statistics."

Ad Abrahamse's words in a previous *Sigma* on the theme *Statistics in the 21st century*.

So I go to his modernistic offices in sedate Voorburg at The Hague expecting to find a man in tune with change. I am not disappointed. Buzz words – TEMPO, LEGS – abound

But I *am* a little surprised. You don't expect an urbane DG to ride around on a 900cc motor-cycle. (However, he does redress the balance by playing the church organ.) And he is perhaps more frank in some of his views than one might expect...

I start by asking Mr Abrahamse to outline CBS's main concerns at present.

No surprise. "To cope with the important challenges of the future." To do this he adopted a reorganisation plan after his arrival at CBS in 1992 – a plan with the acronym TEMPO. T for timeliness, E for efficiency, M for modern, P for professional and O for *onafhankelijk*, the Dutch word for independence.

"The main challenge is the rapidly-changing demand for statistics: less unrelated statistics on various subjects, more systematic information on certain themes. There is also demand for better or new indicators on economic and social phenomena: globalisation, competitiveness of business,

prices, output and productivity of the service sector... This requires a lot analytical capacity that we do not have at present to a sufficiently high extent.

"Second problem is continuing pressure from business to reduce the response burden. This runs counter to the desire for new information, of course. And these things have to be met in the face of continuing budget constraints.

"We are trying to cope with this conglomerate of problems by redesigning our statistical processes and upgrading personnel. We have to fund the cost from our own budget. That means we have to reduce the number of people. Many functions have become redundant.

Note of independence

Mr Abrahamse describes his background. "Originally I studied econometrics. When I graduated I joined the Econometric Institute in Rotterdam as a research fellow specialising in statistics. After that I became Professor of Statistics at Rotterdam School of Management and then in the economics faculty. I was there until 1991 when asked to become Director-General of CBS.

"My particular specialisation was the linear model – I am more statistician than economist. That's perhaps why I was asked to head CBS: there were not so many with my combination of economics and statistics and experience in management as a dean of a Faculty of Economics."

I ask how he came to get the job?

"I was asked; it wasn't advertised. I think that's usually the case in the Netherlands with such posts: they're a little 'hidden'. Perhaps my predecessor suggested me or the Secretary-General of the Department of Economics. But we are not a very big country so people know each."

Is it a political appointment?

"No, not at all. Ministers are not involved. There's a clear distinction between CBS and the Ministry. Our relationship with the Ministry is only



in management and control, not in statistics. We have a Central Commission for Statistics that decides on the statistical programme on the basis of our proposals, and the Minister can't influence this process. The Government can ask us to compile certain statistics but the Commission decides if they are compiled – and the time they are published and so on.

"So my relations with the Economics Minister are very superficial. The Cabinet has been governing for about four years and I've met him only twice. That's quite different from other countries. The main reason for a Ministerial connection is to have someone politically responsible for statistics to answer questions in Parliament."

Constant budget

By how much has his budget been reduced?

Abrahamse: "It's not really reduced but kept constant. Our workforce is growing older so they are earning more each year for which we are only partly compensated. I think this is a problem with the whole government sector in the Netherlands – too little mobility. We have appointed one of our Directors as Director of Mobility. He spends four days a week

building a network to find vacancies – striking deals with companies and other government institutions – to outplace our redundant people

"We're trying to outplace some 300 to 400 people in two years. I think there's a good chance of success. But to do it professionally takes a lot of time and energy. One problem is people are not very willing to leave. They've been here for 10 or 20 years and ask 'Why should we?'

"At present there are 2,400 staff. We aim at 2,100. We want to outplace some 400 and attract 150 new people of higher quality.

"Half the personnel work are here in Voorburg and half at Heerlen in the south. Heerlen was established in 1973 as part of government employment policy after closure of the mines

"Our policy is to try to find everyone another job. Otherwise we have to pay them a pension, so that doesn't help very much – we would have to fire four people to afford one new one. And it's not very good social policy."

What sort of new people is he trying to attract?

"In particular those who have just finished university. I think the majority should come from the quantitative sciences. In 1996 we recruited some 20 young graduates. We use it as a pool from which we make permanent appointments. It's relatively easy to recruit clever young graduates because in the field of academic research in the Netherlands jobs are difficult to find at present."

How does he characterise the difference between old and new staff?

"It's really a matter of increasing a part of the workforce we have already. We now have 40% academic

"It is no longer necessary, for instance, to type figures from paper questionnaires into the computer, because a lot of information-gathering is now electronic. But all these people are on our payroll and first we must outplace them before we have money to attract new analytical people.

"So we are completely redesigning the Bureau, auditing each statistical process to see if it meets quality standards – whether it is efficient in terms of its response burden.

people and the aim is to increase this. And, of course, we could profit from a lot of new staff familiar with latest insights and techniques.

"A big difference could be they will be much younger. Average age now is 43 or so, which should decrease a lot."

I note that in many NSIs that I visit senior managers are much younger than they used to be. What about CBS?

Abrahamse: "In 1992 we replaced nearly the whole management. We had a rather hierarchical pyramid structure and decided to transform it into a flatter organisational structure. We let all heads of department apply for the new functions and a lot of younger people got the jobs and many old heads left. Average age of management is not so high. But, you know, Dutch people are growing rather old..."

Good personality wanted

What qualities does he look for when recruiting those who will be in the driving seat of Dutch statistics in the next millennium?



"These young people are selected also on the basis of their personal capacities – if, in future, they may become, for instance, a head of department. It's not enough any more to be a very clever statistician. You have to have a good personality and communication skills. As there is now a large supply in the jobs market it is possible to make that selection. Hitherto it was customary to appoint the best statistician as head of department."

Ada van Krimpen, CBS International Relations Officer, who is sitting in on the interview, adds: "People are chosen on the basis of multi-criteria, multi-attitudes, social attitudes..."

In CBS, they explain, there is a personnel committee of people from trade unions and independent members chosen every three years.

Abrahamse: "They have a rather important position: you have to ask their advice on certain key decisions, and if you don't follow it they can object legally. We strive to cooperate, of course; we know you can't succeed in a professional organisation if people are not willing to work to a common end. But it's not always easy. It takes time."

"The committee deals with everything affecting personnel. If I want to reorganise the Bureau this will have long-term consequences for the staff and I have to ask their advice. But I am not obliged to follow it."

What does the personnel committee think of the planned redundancies?

"We are negotiating with them. I am trying to persuade them to agree with the main aims of our business plan and I am promising I shall not fire anyone without offering a job outside."

"The problem is not every committee member thinks the same way. But I

think within two or three months they will agree and staff restructuring will go ahead."

I want to know if, despite all this, most people think CBS a good place to work?

"I think for new people it is interesting because it's not a good time to work in universities: they have very little money and you have a large teaching burden and little time for research. So it's easy for us to get good graduates. But I think people who have worked here for a long time in the lower ranks are not so well satisfied. They don't like all these changes."

"We have three levels of management: divisional managers, sector heads and task group heads. Many of the managers are relatively new in their jobs and most are rather change-oriented. But you also find quite a few people who have worked here 20 years or more and find it difficult to change – not all, but a lot. And communication from top to bottom is always somewhat of a problem."

In many ways, especially in staff handling, adds **Abrahamse**, although part of the Civil Service, "we act as a business, as a firm – only we can't go bankrupt!"

So do they raise part of the budget themselves?

"Our principle is we pay for our activities from public funds. But sometimes there are third parties who want particular statistics not considered as part of our core business. We often gather these if they pay for them."

"At present we earn some 8% of the budget this way and by selling publications etc. But we are not very commercial. Our principle is we shall not let this rise above 10% of the budget because we want to avoid becoming dependent on statistics users."

He illustrates the dangers thus: "A Minister wanted a large research project. He asked if he could have the micro-records for additional research and a preview before publication. We don't want to be placed in such a position. We have some kind of trust – some kind of authority in the country – that we publish everything at the same moment for everyone, with no special privileges for Ministers.

"The Minister said 'Well, if you're not willing, there are some competitors. We can ask a marketing bureau'. It was a project of some millions of guilders. If we lose such a project, we have problems. The tendency is to give in. It's a slippery slope."

Good EU 'player'

Changing the subject – which is clearly at the forefront of his mind – I ask: Is CBS a good EU 'player'?

Abrahamse: "Our position in the Community statistical system and in relation to foreign colleagues is greatly influenced by our position within the Netherlands, and that's rather strong.

"Perhaps this is due to having a highly-centralised official statistical system. Government officials, business people and public usually accept the authority of CBS on economic growth, price changes, and so on. They are also aware, I think, that statistics are never so perfect that they can't be criticised; but they trust CBS to do a good job, and that's because we have highly-qualified staff.

"This is also the basis of our international contribution. We have many people who lead in their field and are anxious to extend their knowledge to others. So we are trying in this way to contribute to the development of the Community statistical system."

He goes on: "The subjects we are most interested in are institutional

developments, statistical programming, new methods of automation, better means of cooperation between NSIs, technical cooperation, and, of course, a lot of statistical areas. So, if you want to know something about sampling theory, for instance, everybody knows you can come to CBS."

Ada van Krimpen adds: "We have substantial input into the Tacis and Phare programmes, and we've been trying to change the system a little: more framework operations with clearly-defined goals instead of *ad hoc* action. We've been trying to develop a kind of system-building in the framework of technical cooperation. We have a large project on national accounts for the Asian Development Bank in Indonesia. And my colleague Ronald Luttikhuisen has organised a seminar under the United Nations umbrella on best ways of technical cooperation – what works and what doesn't."

Statistics & the Big Mac

"Statistics are indeed a fairly complex product. If McDonalds needs many pages of text to properly define the quality of a Big Mac, which is, with all due respect, just a bun with a hamburger inside, it is no wonder that it takes a whole book to properly describe, say, the quality of the consumer price index, let alone the quality of the national accounts." – quote from CBS paper on quality management in statistics.

So, a strong international position based on a firm foundation at home – has CBS always had such a good reputation?

Abrahamse: "After the war we developed a kind of econometric tradition concentrated in the Central Planning Bureau which was constructing models for which CBS had to deliver basic data. So we

developed a lot of econometric expertise.

"Before that our advantage was centralisation – almost from our beginning in 1899. And we were always regarded as very trustworthy and precise."

But **van Krimpen** interjects: "By the end of the '80s there were also some negative noises about CBS – too dull, not open enough. External relations were not flexible.

"Transformation from the hierarchical structure resulted, in fact, from the feeling that we were not client-friendly enough – too inward-looking and focused on our products."

Abrahamse: "But such change has occurred in every sector of government. We are all now trying to listen to the 'clients'.

"Our scientific reputation was always very good but we were not always supplying what users wanted. We were more or less prescribing what was good for society. That's no longer possible."

But you're not perfect yet?

"No, not yet!"

So let's discuss some imperfections...

"We need a good measurement of service sector output. Then there's some discussion about the quality of the CPI.

"One problem is lack of timeliness. We have such a good scientific habit: we want everything precise and reliable; but there is a trade-off between this and timeliness. It's difficult to make people see timeliness as only a dimension of quality – that you have to strike a balance.

"Switching from paper questionnaires to electronic data-gathering demands so much attention that we can't always publish statistics in time.

Statistics on the labour market are a case in point. If you combine data from administrative registers and questionnaires you get a lot of

problems...of matching but also of confidentiality.

"Also at present we're obliged to produce a lot of detailed

figures for Intrastat that are not all that important but required by Eurostat. This also affects our timeliness."

Ada van Krimpen says: "We are introducing a new way of cooperation called LEGS (leadership groups). This means the Statistical Programme Committee (SPC) of Eurostat gives development of certain statistical areas to NSIs and makes use of their expertise, instead of all the work being done by Eurostat.

"We think this is only the beginning. We have now started three LEGs – on the Euro, health statistics and cultural statistics. We think that in future we should make more use of new and more natural ways of cooperation, not only in Europe but more globally.

"We think networking is more the keyword instead of the present top-down approach. But it implies a change in attitude both by Eurostat and other supra-national organisations and also by NSIs: that we should look more at what's needed at national and international level."

Abrahamse: "I think it is underestimated how much you have to invest in communication for the Community statistical system to work. We now have a lot of problems in SPC because papers arrive too late, are not discussed well enough before meetings...and this occurs not because Eurostat doesn't want it to work but because of a real problem of communication."

CBS has three LEGS



Ada van Krimpen, 'watcher' of Eurostat

Van Krimpen: "Every NSI has a lot of expertise in statistics for certain national phenomena – what works, what doesn't – and we think Eurostat could make more use of this.

"What we see now is that Eurostat gets a request from a Directorate-General of the Commission for a very detailed information system, so they present a list with lots of variables, at a very detailed level, to NSIs and ask them to provide information. And, of course, all NSIs are not in a position to do so.

"In the very early stages of projects we think NSIs could offer their experience in providing data in such areas. This could be very profitable for Eurostat, we think, because now

they get a request from the Commission, pass it to NSIs and everyone complains and says they can't do it – it's too complicated, too expensive etc. Then Eurostat has to go back to the DG and say 'No – we want to but Member States are not willing', so its position becomes rather complicated. Eurostat could profit much more from our experience by consulting NSIs first so it could offer an information system to DGs."

Abrahamse: "It will not be easy to invent an efficient system to cope with all this NSI knowledge arriving at Eurostat. But the problem of knowing what data are available in Member States, what they can do, are willing to do etc is heavily underestimated ..."

Both agree expectations are rather unrealistic at times, with Eurostat "sometimes prescribing ways that prove impossible".

LEGS is a Dutch idea based on CBS experiences in performing consultancies for Eurostat. Van Krimpen again: "It's complicated because Eurostat might think it conflicts with its authority and right of initiative.

"We're trying to show them it is not necessary to have such conflict – that using NSI expertise is more efficient; that there is no intention to downplay the role of Eurostat.

"Understandably, it's a very sensitive issue. But Eurostat are being very supportive. They see the advantage more now."

Relations with Eurostat

Which bring us to CBS's relationship with Eurostat.

"I don't think it's so easy because the position of Eurostat itself is difficult. From an institutional point-of-view it isn't really independent; it's part of the Commission. We are accustomed to making our own plans – to decide on the basis of statistical arguments – whereas Eurostat has the first draft of its programme initiated by the Commission. The Commission draws this up more or less on the basis of policy needs rather than statistical arguments.

"So I think one of the problems is that even if Eurostat agree with us they are not always free to follow us. Now we are trying to improve cooperation by all kinds of formal and informal actions – to persuade Eurostat to make more use of the knowledge present in NSIs. The staff of our International Relations Office, like Ada van Krimpen, are key figures in that area – our 'watchers' of Eurostat!.

"Eurostat does its best. I think we must realise that such problems can't be solved overnight.

"There is improvement, I think. When I came on the scene there was hardly any CBS influence on Eurostat. But now the cooperation with Mr Franchet [*Director-General of Eurostat*] and his staff is quite positive. If they can come to an agreement with us, they do.

"But things are still not perfect. There is a danger in making Eurostat an autonomous institution because the Commission holds the purse strings. If Eurostat did not 'belong' to

the Commission, would the Commission be willing to pay as much as they do now? Or would they compile their own statistics, forming statistical groups within DGs?

"So you should be careful. And Mr Franchet is careful!

"But, on the whole, cooperation works well and we hope we are a particularly influential member of the European statistical system."

Statistical 'black hole'

We turn to the Dutch attitude towards statistics. I observe that the Dutch are precise people. Does that make them good respondents to statistical inquiries?

Abrahamse: "We have very good relations with statistics-users. We work on this very hard with an active press office. We are very well known in the country.

"But the people who have to provide us with data are a bit of a problem. Business is obliged to supply us with information to a large extent but individuals are not. So our personal questionnaire response rate at present is around 50% to 70%.

"This is too low. We have to undertake a lot of analysis to make difficult estimates to form some reliable idea of the degree of unemployment and so on. This low response is worse than in any other country and we have no good insight into the reasons. Some people say it's the character of the Dutch people. But I can't believe they are so different from the Belgians, the Germans and the British. We plan some serious research into the problem.

"The labour force survey is the basis for many other statistics, so that is one of our critical 'stones'. If that is bad, we have a shaky 'building'.

"We are trying to repair things by combining data from different sources and making them consistent with each other. But it is not a very happy situation. We think some of the responses are selective and that information is particular bad for certain groups in society – the poor, poorly-educated, older people...

"At present we are working on constructing a statistical social file to include all Dutch people. We start from the population register and then introduce all kinds of data from questionnaires. So we get several thousand complete records and several million incomplete ones – people in the population register but not interviewed.

"The latter are completed by imputation. At micro-level the records might be inaccurate but, at a certain level of aggregation, the tables give good information. It's a flexible system so we can make different matrixes: labour by job and labour by education and so on

"This is being constructed now as a substitute for the 2001 census."



Lydia van der Hulst, coordinator of electronic media, and Rudy Schreijnders, information officer: responsible for CBS's image

Following Mrs Thatcher

We turn to important trends in Dutch society that CBS is picking up...

Says **Abrahamse**: "I think the most important trend I notice is the tendency to let the market steer the economy. Some in Parliament think we should abolish some of our monthly statistics. They say there is now much less regulation and that it's not necessary to monitor the development of the economy every month; that if you do it every quarter, that's enough and reduces the interview burden considerably. If they succeed we shall have quite a different work programme.

"That is connected to an economic trend in society – less regulation, less national but more global monitoring.

"What they have in mind are statistics for which business has to provide information – on profits, investments etc – not particularly those based on personal interviews with the public. I think the move is initiated by the business sector.

"If you look at big companies the people using or asking for statistics and those providing basic data are quite different. So it may be that big companies are a little ambiguous in this respect. But the medium and small business sector in particular is very much inclined to have the response burden reduced. This is a very important trend."

Other trends...

"The constancy of our budget is hardly a trend. But up to 1982 it was rising, with an expectation that you could gather all statistics you considered necessary and ask the Minister for money and get it; but that's now over. So if we want to do more we have to do less elsewhere or become more efficient. That applies to every NSI in Europe, I know."



Historical note

Mr Abrahamse with two predecessors

"We celebrate our centennial in 1999", says Abrahamse.

"CBS began in 1899 by Royal Decree and developed from a small office. By 1980 there were nearly 3,000 employees.

"There was a Central Statistical Commission from 1892 or so. The Bureau started as a sort of implementing instrument of that committee. A model was created that still exists with the Commission deciding the programme and the Bureau making the statistics.

"The Director-General is solely responsible for methods to produce the statistics and the manner and timing of publication. The Minister decides the budget.

"In 1996 the Decree was replaced by a law. At the same time the Central Commission was reduced from 50 members to 11. Formerly they represented, Ministries, planning bureaux, trade unions, employers' organisations etc. Now they are independent people who are expected to know the kind of statistics society needs. So it's more like a firm's board of directors.

"There haven't been very many changes in the system so we have a very simple history, apart from a degree of increasing centralisation. But some cities, such as Amsterdam, have their own statistical departments."

Social trends?

"A small number of people are becoming richer and richer and quite a lot are becoming poorer and poorer. So there's some pressure on the Bureau for more information on the lower end of society. This has given an impetus to greater attention on social dynamics: looking at someone when

he or she leaves school and how they progress subsequently.

"We have too little information at present on this sector of society – the so-called 'underclass'. Ten years ago it was no great problem. Everybody could pay his or her rent and clothe themselves. Now

G r e e n n o t e

"Environmental statistics are an area in which we are rather advanced", says **Abrahamse**. We are working closely with other institutions in the Netherlands to connect our national accounts to environmental consequences. This is not so popular in the country at present because the economy is booming and people are more interested in economic growth than environmental consequences. But that's true everywhere, I think.

"The Government is trying to prove a booming economy can coexist with protection of the environment. But there are some people who don't believe this and say every economic activity means you are using some environmental resources.

"It's a small country but we are pushing a lot of our waste over the borders, you know", he laughs.

Talking of a booming economy, I say, wherever you go in Europe there seems to be a Dutch lorry.



In matters green, the Dutch are famous for...

"We have been a transit country since the 17th century – transporting food and, of course, at one time, slaves – and now we are taking pigs to Spain and when

they are slaughtered we bring the meat back, and so on."

We agree modern life has its mysteries!

we do have a problem and CBS is asked for data.

"The 'underclass' has always been rather small here with no great income inequality. But society is now becoming much more unequal."

Why?

"Deregulation. The last three Cabinets have followed Mrs Thatcher's dictum that price level is the best indicator for allocation of resources, so we should hinder the market as little as possible. This means you take away a lot of protection from weak people. It increases the profits of big companies and their managers, and these people are becoming richer. And they pay their employees a lot. In other areas people are paid very little and their social security is reduced, and so on.

"This affects old people, poor people, those without incomes, those with black or illegal incomes; and in such areas it's difficult to get statistics."

In this respect, **Mr Abrahamse** clearly has difficulty with Eurostat's well-publicised European Community Household Panel (ECHP) survey with its 60,000-household sample and harmonized questionnaire.

"The problem is Eurostat uses this information to make statements about particular regions which are not very well based. Perhaps you know that there was quite a lot of criticism of Eurostat about using this panel information to make statements about poverty. So this is not a very good source of detailed information on discrete groups – not good enough for policy-making."

Personal note

So how does this very serious Director-General with so much on his plate relax when his statistical day is done?

"My most striking hobby is that I drive a motorcycle – a 900cc blue-and-white Yamaha; sometimes to work. I did it when I was a student

and I kept it up because sometimes traffic is so heavy that with a motorcycle you gain a lot of time." This is a surprise.

But less unexpected: "I also play the church organ. I did so in a village where I used to live but I moved 10 years ago, so now I try to keep up by playing the piano. But there is a church – there with a green roof... – he points out of the window – "where I have the opportunity to play. So sometimes, when I have time, I go there at lunchtime and play for an hour or so.

"CBS is a very time-consuming job. But when I leave in about five years or so I shall invest much more time in organ-playing."

What better note on which to end to end my interview with the man preparing one of the EU's most advanced NSIs for the challenges of the 21st century?

In this article, the Central Director for Statistics on Institutions and Businesses at ISTAT – the Italian national statistical office – describes...

A census 'revolution' in Italy

by Enrico Giovannini



In October 1997, ISTAT launched its first intermediate census of industry and service sector businesses as on 31 December 1996.

This is the first five-year update of the census information base, previously done every decade. Above all, it represents a 'revolution' in the way a census is conceived and carried out.

The census uses innovative methods and techniques. It takes advantage of administrative information already registered with various public institutions and companies, together with data stored in ISTAT databanks. This limits the necessity of field operations, reducing to a minimum both response time and the burden on businesses.

Goal is to verify the number of businesses and local units in a world evolving with extreme rapidity. This makes it necessary to follow changes

in the productive fabric continuously and trace the characteristics of businesses and their position in the market.

To conduct this operation, ISTAT is using the information platform and central and peripheral organisation of the Statistical Register of Active Businesses (ASIA). This is a databank of more than 3,500,000 businesses, constructed on the basis of information already with the Institute and supplemented by data from the Finance Ministry, National Institute of Social Security, National Institute for Industrial Accident Insurance, chambers of commerce and National Electricity Board.

A version of the ASIA archive from the end of 1995 has already been created, and by the time this article is published there should also be a temporary version up to 31 December 1996. Immediately afterwards, a two-stage of operation was scheduled to begin throughout the country.

About 700,000 businesses are involved in the first stage ending in March 1998. This will include businesses with over 50 employees; multiple branch businesses regardless of size; single branch businesses with fewer than 50 employees; and a sample of more than 100,000 businesses without employees, and of independent professionals whose information is already available but not completely consistent.

These businesses are being sent a questionnaire, already partially completed on the basis of information in

the ASIA register. These are to be returned to the territorial network of chambers of commerce and ISTAT offices, which will collect and verify the answers. Large companies divided into many branches are receiving a computer questionnaire already filled in for return to the ISTAT headquarters. All collection centres will be connected through the telecommunications network to a single database. From here the final version of the ASIA archive, as of 31 December 1996, will be generated, starting April 1998.

At this point, the second stage of data collecting in the field begins. A questionnaire goes to all companies with a number of employees over a certain threshold (varying from sector to sector). It goes also to a sample of the smallest ones to collect organisational and structural information (market share, organisation of productive processes etc).

To reduce the burden of collecting information, the questionnaire goes only to business headquarters. They complete it for single or local units, as the case may be.

Census results will be available next summer. Data on the structural aspects of the businesses, collected mainly with reference to 1997, will be disseminated in summer 1999, together with the update of the archive to 31 December 1997.

Highly innovative

The databank, updated annually from now on, will offer a kind of continuous census of the legal-economic

units of the country. This will have positive repercussions for the entire system of economic statistics, in terms of integration of information collected, better definition of samples used and reduced burden on businesses.

Fine-tuning of the databank system will provide integrated and updated information involving minimum effort by suppliers. In addition, the quality of data – which companies use as well as provide – will be improved. Finally, because all the businesses are connected in administrative, fiscal and social security networks, integration of collected data will allow clear identification of each business and all its branches. This will be independent of the physical location where it carries out production.

Data access will be through dissemination of paper and computer materials. In addition, there will be consultation of databases via telecommunications links through the network of decentralised ISTAT offices. Specific products constructed from census data will be available from new databanks being developed, accessible also through the Internet.

The census operation is highly innovative. It takes place in a framework of reviewing and developing economic statistics. Primary objectives are both to reduce the burden on businesses and to improve the means of returning information.

The commitment, as always during census-taking, is high. But the return in terms of information benefiting the country is also high. The cooperation of everyone involved in the national operation is, naturally, the fundamental element of success: for the census itself – and, more generally, for the development of a national statistical system ever more able to support economic and social development.

Presenting statistics for a modern Ireland

by Charlie Weston, Irish CSO media adviser



Launching the new corporate image: from left-to-right – CSO Director-General Donal Murphy, Minister of State Seamus Brennan, and Chair of the National Statistics Board Professor Frances Ruane

Ireland's Central Statistics Office (CSO) has launched a new corporate image by putting greater emphasis on customer relations and radically altering the way it presents its regular data.

It engaged a team of design consultants to come up with a new corporate look and has adopted the slogan *Statistics for a modern Ireland*. Part of this is a new logo flexible

enough to allow for continued use of EU colour-coding for different subject matters.

The CSO, which employs 500 people in both Dublin and Cork, has also transformed the presentation of its regular statistical releases. It now highlights the most important results and presents them on the front page, written in a non-technical way.

The CSO began moving to this new user-friendly system in April 1997 with a newspaper journalist employed on short-term contract. The new-style releases follow many of the recommendations by John Wright, former Head of Press Relations for the UK CSO (now the Office for National Statistics) and now a consultant who writes Eurostat's news releases and works for *Sigma*. Wright was consulted by the Irish about ways of improving the presentation of their statistics.

For example, releases now have a short table on the front giving headline figures at-a-glance. There is also greater use of graphs to show recent trends.

Novel departure

In another novel departure, staff responsible for compiling the statistics are listed with their telephone numbers to make them more accessible to the media.

Under the guidance of senior CSO statistician Adrian Redmond, new layout and printing standards recommended by the design consultants who created the new logo have been introduced on all releases. This is a vast improvement and has given them a fresh and uniform look.

All the changes have been guided by Director Bill Keating who set up and chaired a media relations working group.

Despite the alterations to the statistical releases there is no loss of detail. Specialist users still have all the variables and retrospection they have come to expect from CSO releases.

Speaking at the launch of the new image, CSO Director-General Donal Murphy told his audience at Dublin Castle: "We hope this will make the material more user-

friendly and particularly help our friends in the media, where a heavy workload and time constraints might not always allow time to pore over tables searching for stories.

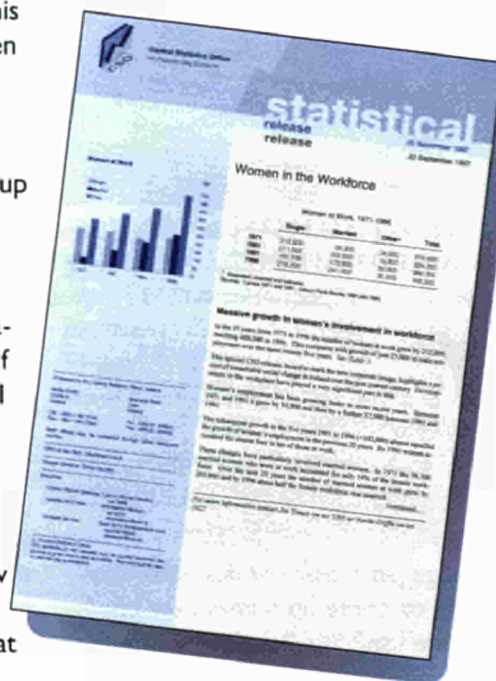
"All in all we are confident that these changes will add to the value and usefulness of our releases."

'More human face'

The new format was launched formally at a press reception on 22 September 1997 by the Minister of State at the Department of the Taoiseach (Prime Minister), Seamus Brennan TD.

Welcoming the new look, he commented: "In a rapidly-changing world, the CSO is better preparing itself to present statistics for a modern Ireland. Today it is unveiling a new logo; it is adopting a friendlier presentation style for its statistical releases; and it is presenting a more human face to the public.

"These are developments I wholeheartedly welcome because accurate and objective statistics which are trusted by the public underpin the functioning of a democracy.



The release issued at the launch

Promoting those statistics and presenting them in a user-friendly manner are essential parts of the equation."

Knowing the Irish media would hardly turn up for the mere launch of a new corporate image, the CSO produced a special thematic release on *Women in the workforce* as a news 'peg' to generate media interest in the launch.

This newsy report on Irish women's rapidly-increasing participation in the labour force, presented in the new style, generated lots of headlines. Journalists mentioned the new image in their stories.

All main Irish newspapers carried a story on the report. Popular radio programmes debated the findings and there was a four-minute item in TV news reports.

As part of its drive to present a CSO with a human face, rather a collection of faceless bureaucrats, a media pack issued at the launch profiled key personalities. There were photographs and details of areas of responsibilities of the Director-General and the four Directors and pictures and mini-profiles of a random selection of staff from a wide cross-section of the organisation.

CSO's efforts to seek greater exposure received a generally warm reception from media people and non-specialist users. Comments like "It's great to read the main news points immediately rather than searching through tables" were typical.

Now the CSO is considering whether to establish its own press office rather than using the Government Information Service for dissemination. One advantage would be to emphasise further the independence from Government that CSO is guaranteed in law.

It is now exactly 10 years since Yves Franchet was appointed Director-General of Eurostat. Sigma's FONS THEIS talked to him to take stock of this hugely-influential period in the development of Eurostat and the European statistical system – and to look into the future.

Statistics driven by integration

FT: *Your career before Eurostat was neither in statistics nor in public administration. You worked in a business environment, responsible for project evaluation and introduction of management systems. What struck you most when you joined Eurostat?*

YF: First, the European Commission's role as the powerhouse of European integration, particularly through its right of initiative in the field of legislation. No other international organisation can rely on such a powerful driving force. Then there are the various Treaties – the Single Act, Maastricht, the Treaty of Amsterdam – which, despite their imperfections, have given impetus to the integration process. Over time, the Commission as an institution and the Community's basic legislation have succeeded in pushing aside blinkered national attitudes to promote a genuine Community spirit that transcends simple national interests.

Another striking feature for me is the unique approach to building the Community. Respect is shown for the different characteristics of individual Member States and each, regardless of its size, enjoys the same rights and can put forward its own arguments within the decision-making process.

The field of statistics has felt the full impact of this move towards integration. Each step forward has

given fresh impetus to the work of Eurostat and the European statistical system.

FT: *Any negative impressions?*

YF: Yes, the inadequacies of the Commission's structure, which, over the course of the years, have resulted in considerable waste of human resources, despite the exceptional quality of the people recruited.

FT: *Would it be fair to assume that your appointment as Director-General came with a specific mandate?*

YF: My mandate was quite clear: Eurostat was to claim its rightful place within the Community structure; give priority to developing its activities vis-à-vis institutional, economic and private users; and mobilise all its workforce to achieve the objectives set.

FT: *How would you judge Eurostat's progress over these last 10 years? Have the objectives now been attained?*

YF: I think it is up to others to offer an objective appraisal. For my part, I can confirm that the volume and scope of our activities have mushroomed. Together with our partners in Member States, we have also successfully met the challenge of constantly improving the comparability of our statistics – thanks mainly to our efforts in harmonization.

While there is still progress to be made, Community statistics are now a point of reference at European and international level and appreciated for their independence, neutrality and objectivity. Eurostat has also raised its political profile in areas such as the discussion on applying the convergence criteria that form the decisive parameters for joining Economic and Monetary Union. Valued for its autonomy and impartiality, Eurostat has, according to the *Wall Street Journal*, evolved from an 'office for boring statistics' into a 'watchdog' body.

New framework

FT: *Eurostat now works within a new legislative framework?*

YF: Yes, indeed, a framework that provides a consolidated basis for our work, since the Treaty of Amsterdam now contains a special article on statistics. The new 'statistical law' adopted in February 1997 and a subsequent Commission Decision help define and consolidate our working environment.

FT: *What obstacles have you come up against?*

YF: One of the main ones was the slow pace of administrative procedures. I have discovered that, unfortunately, adapting structures and changing behaviour takes a good deal more time than I thought.

FT: Hence the idea for a corporate planning project in Eurostat?

YF: Having been struck by the contrast between Eurostat's potential and strengths on one hand and administrative inflexibility on the other, I wanted to waste no time in setting up a major project of this type. At the start I even thought that it could be implemented without any outside help. But, faced with the facts, it became apparent to me that assistance from external experts was essential if it was to be carried out properly.

The aim is not just to make ongoing improvements to our operating procedures in order to adapt to an environment characterised by radical change, but also to work more effectively with limited resources. For Eurostat this means moving more and more towards providing services that meet users' needs, and considering total quality as a fixed standard, thereby harnessing the extraordinary potential of all those who work here. But these objectives can only be accomplished fully with the close cooperation of all Eurostat's partners in the European statistical system.

FT: The role played by the ESS should also continue to evolve?

YF: A great deal of the work by national statistical institutes is now determined by Community statistical requirements. Links have been gradually strengthened to the point where cooperation is exemplary. We now need to undertake new qualitative changes. Eurostat will certainly continue to play a prominent role as the catalyst – even ushering in the changes. But we should also work gradually towards greater power-sharing throughout the network, thus changing the way cooperation unfolds.

Yves Franchet...



... has been Director-General of Eurostat, Statistical Office of the European Communities, since July 1987.

Before this he had been Vice-President/Controller at the Inter-American Development Bank in Washington since September 1983.

Between 1980 and 1983 he was Deputy Director of the European headquarters of the World Bank in Paris.

From 1977 to 1980 Mr Franchet was Director of both the Ecole nationale de la statistique et de l'administration économique (ENSAE) and the

Centre européen de formation des statisticiens et des économistes des pays en voie de développement (CESD), both with headquarters in Paris.

Before that he was in charge of the technical assistance programmes of the Institut national de statistique et des études économiques (INSEE), the French national statistical office, from 1974 to 1977.

Between 1968 and 1974 he was an economist at the World Bank, and from 1965 to 1968 Head of the Economics and Statistics Department of the Central African Customs and Economic Union (UDEAC) in Brazzaville, Congo.

In his career Mr Franchet has worked in many countries of Latin America, Africa and Europe.

He was born on 4 March 1939. After graduating from the Ecole Polytechnique de Paris in 1961, he obtained a master's degree in economics from the University of Paris in 1963. This was followed in 1964 by the diploma of the Ecole nationale de la statistique et de l'administration économique de Paris in statistics and economics.

He is married with two children.

For previous articles on Medstat see Sigma issues autumn/winter 1996, Statistics in the News, and spring 1996, Statistical challenges

Medstat establishes new ties for statisticians

by Luca Ascoli*

The first Medstat management committee meeting was held in Malta on 24-26 June 1997.

The committee comprises the European Commission and the director-generals of the statistical offices of the EU and the 12 Mediterranean countries of Medstat¹. After the Valencia and Naples seminars that laid the foundations of Medstat, it was the first time these countries (Switzerland and Norway included) had come together to discuss the practical issues of the programme and debate its future. There was a series of decisions on future activities and three different guiding principles.

The conference was opened by the Hon Mr Leo Brincat, Minister of Finance and Commerce of Malta, Mr Yves Franchet, Eurostat Director-General, and Mr A Camilleri, Director-General, Maltese National Statistical Office.

Mr Franchet said: "At the last two Euro-Med seminars the aim above all was to discuss the aims and objectives. Now, of course, a number of priorities have been established and some activities already started."

Mr Brincat referred to the Barcelona Summit's stress on the strategic importance of the Mediterranean and the will of participating states "to give their future relations a new dimension based on comprehensive coopera-



tion and solidarity in keeping with the privileged nature of the links forged by neighbourhood and history".

Latest developments

It was reported that task forces on external trade, training, migration and transport had met and agreed on a series of activities. Other task forces were to meet in the coming months.

There had been a series of missions to all 12 Medstat countries by experts from many EU NSIs. This had enabled Eurostat to form an overall picture of the quality of statistics, assess needs and propose new areas to be covered.

Medstat was to be supported – for the first time in a project of such importance and wide geographical coverage – by the complete CESD

network (CESD Communautaire, CESD Paris, CESD Rome, CESD Madrid, CESD Lisbon, and CDG Munich and TES). In the next few months Medstat activities would intensify significantly.

It was reported that recent activities had included a bulletin on short-term economic indicators. Eurostat issued it for the first time in March 1997 with several thousand widely distributed within the Commission, EU Member States and the Mediterranean countries. It was also distributed to participants in the second Euro-Med conference in Malta. This followed the Barcelona conference and was organised at Foreign Affairs Minister level.

In addition, a seminar on *New technologies for the 2000 census round*:

* Mr Ascoli is in charge of the Medstat project for Eurostat

1) Algeria, Cyprus, Egypt, Israel, Jordan, Lebanon, Malta, Morocco, Palestine, Syria, Tunisia and Turkey

sharing the Israeli experience from the 1995 population and housing census was organised jointly by Eurostat and the Israeli NSI.

Main decisions taken

The meeting decided the following:

- the infrastructure and expertise of existing training centres in countries of the southern and eastern Mediterranean rim

would be used and at least six training courses or seminars in Arabic organised

- statistical dissemination would be tackled jointly in the task force on new technologies and information systems
- a seminar on management of statistical offices for DGs of NSIs of Mediterranean countries would be organised in Cairo before the year-end

- a seminar on informal sectors of the economy in the context of Mediterranean countries would be organised by the Italian NSI

- a new task force and work programme on national accounts would be established

- given the success of the seminar, it was decided to hold the next management committee meeting, due in 1998, again in Malta.

Guiding principles

Future Medstat activities, the meeting agreed, have to develop according to three different guiding principles:

Firstly, most activities will concentrate on harmonizing statistics at regional level, especially in sectors that are at present project priorities.

Secondly, a certain amount of resources will be devoted to improving the statistical systems of Medstat countries at a lower stage of statistical development than others in the region – such as Lebanon, Syria and Palestine. Complementary national programmes at bilateral level will have to be prepared and approved for them in the near future. This will increase the possibility of their benefiting fully from the regional component of Medstat.

Thirdly, national/international institutions or organisations are also involved in statistical issues in the Mediterranean region in one or more sectors covered by Medstat. Among them are

- the Economic Research Forum (ERF) for the Arab countries, Iran and Turkey, based in Cairo. Possible cooperation with Eurostat is being discussed. This could include joint publications on selected topics, joint organisation of seminars/workshops on issues

of common interest, and participation of ERF in some task forces convened in future

- the Regional Economic Development Working Group (REDWG), based in Amman. This is a kind of secretariat for the Middle East peace process, financed by the Commission. Its role is to help build a new economic base by encouraging and supporting regional economic integration of Egypt, Israel, Jordan and Palestine. In this context, REDWG has received a political mandate to tackle statistical issues in the fields of tourism, transport and external trade in the region and to build a database for the peace process

- the Plan Bleu for the Environment in Sophia Antipolis, Alpes-Maritimes, which has been asked by the Mediterranean countries and the Commission to develop a Mediterranean Environment and Development Observatory and assist the countries with initiating similar functions. This will involve identification, collection and analysis of environmental data and indicators

- the European Environmental Agency, which has helped Eurostat to establish terms of reference for the MED-ENV project on environmental statistics

- CETMO (Study Centre for Transport in the Western Mediterranean), based in Barcelona, which has received a mandate from the Ministers of Transport of Algeria, France, Italy, Morocco, Portugal, Spain and Tunisia to set up a database on transport flows in the region. This is to facilitate identification of transport priorities in the context of activities to be put in place following the Barcelona Declaration

- the Commission's DGVII, which has launched a multi-annual research programme in the field of transport called RETRAMED. This will focus on seven key topics, the first being determination of data required and data collection and processing methodologies to evaluate the importance of the transport sector in the economy of the Mediterranean countries

- other Commission DGs, the World Bank and EFTA. The last has decided to work closely with the Commission on statistical cooperation with Mediterranean countries. It has complemented the financial resources of Medstat with a budget of its own – 5% of the global amount. An expert from EFTA is joining Eurostat to work on Medstat.

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from school to working life

There are around **50 million young people** aged 15 to 24 in the EU – 14% of the population.

In its **120 pages**, this publication describes their **education** and **first steps in work**, as well as **how they live**, their **health** and their **hopes and aspirations**.

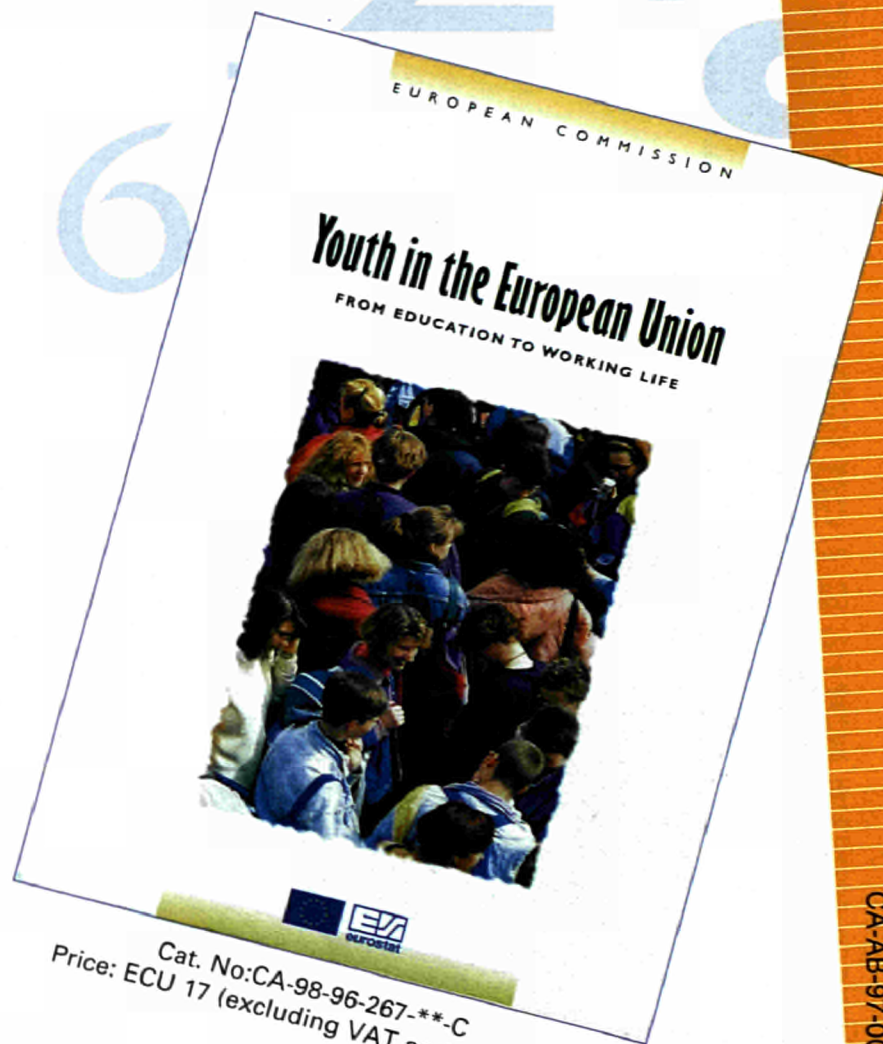
3 trends emerge.

Young people are...

- staying longer in education
- taking more time to transfer from training to work, and
- putting off starting a family.

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Price: ECU 17 (excluding VAT and postage)



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