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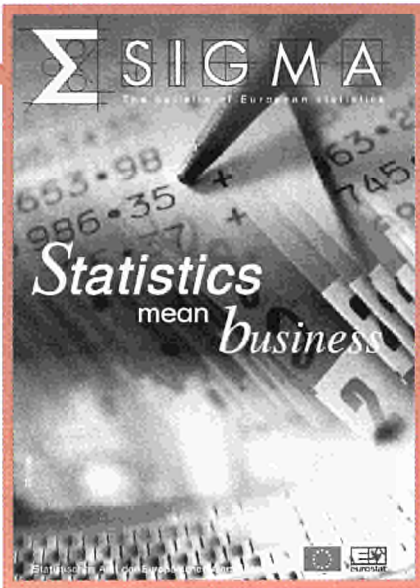
The bulletin of European statistics

Statistics
mean *business*

02/1998

Statistical Office of the European Communities





In *this issue* of Sigma...

Business statistics are vital – fundamental to economic growth – but almost taken for granted.

We thought that, in view of economic developments such as globalisation, the single market and the single currency, it was time to focus on the current state and future prospects of business statistics at EU level. Business statistics cover a very broad canvas – too broad for a single issue of *Sigma*. The subject of services alone could fill a whole volume, and, indeed, a future issue of *Sigma* will be dedicated to this subject.

This time we aim to zero in on just a few aspects of business statistics, although common themes do emerge. The aim is not completeness but to...

- ▶ give you an idea of business statistics available at EU level
- ▶ illustrate current developments, especially in view of two new Council Regulations coming into force, and
- ▶ offer some important users the opportunity of expressing their views and expectations.

As usual, there are contributions from Eurostat experts. We also carry interviews with Commission policy-makers in Brussels to records their views as users, concentrating on the fields of SMEs, tourism and science and technology.

Then we went to see **Camille Blum**, Secretary-General of the European Automobile Manufacturers' Association (ACEA), a prime user of EU data.

We asked **José Ignacio López Glez-Mesones** of the Spanish Federation of Steel Enterprises, another key user, for his view of the statistical needs of steel in an era of rapid change for the industry.

And contributions by the national statistical institutes add to our debate.

In sum, we hope this issue will at least stimulate further thought about the important but perhaps somewhat neglected issue of business statistics.

There's been a change at *Sigma*. **Amador Rodriguez Prieto** has succeeded **Daniel Byk** as head of Eurostat unit C1 – information and dissemination – and therefore as our Chief Editor.

Daniel Byk will continue to keep an eye on *Sigma*. We still operate under his wing – he is now Adviser heading Directorate C, which, as well as information and dissemination, covers transport, technical cooperation with non-Member States (except Phare and Tacis countries) and extra- and intra-Community trade statistics.

Fons Theis
Assistant Chief Editor

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

Chief editor

Amador Rodriguez Prieto

Assistant chief editor

Fons Theis

Editorial team

John Wright
Barbara Jakob
Annika Östergren
Steffen Schneider

Assistant

Virginie Schultz

Layout

Claudia Daman

Technical aspects

Quentin Masquelier

Cover

Frédéric Guyon

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Eurostat

Press & Communications Team
Room B3/079
Jean Monnet Building
L-2920 Luxembourg
Fax: 352 4301 35349

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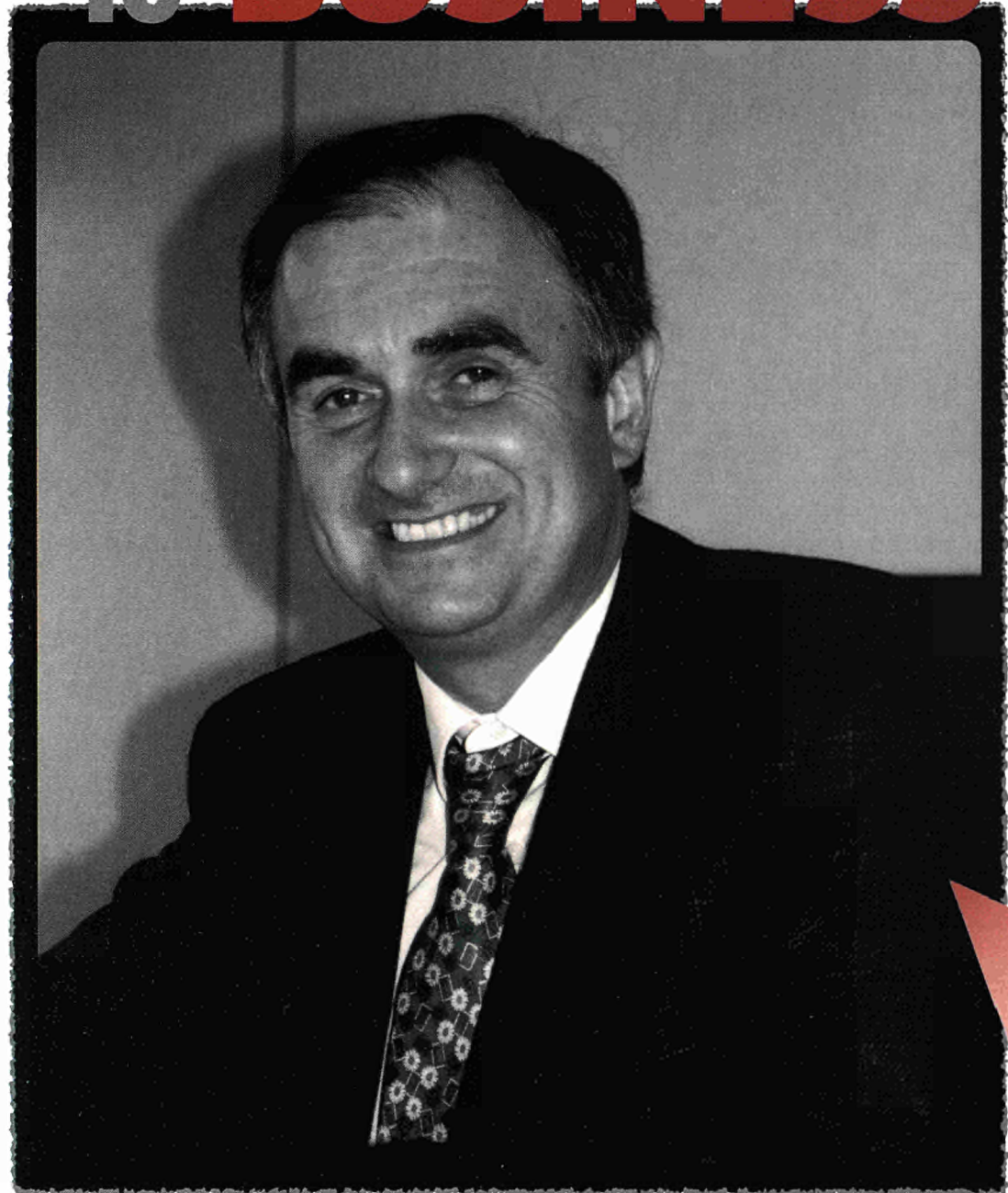
Getting down to BUSINESS

There is no doubt that good knowledge of the activity and structure of enterprises is basic to economic development. For this reason a strong and increasing demand for statistical data on the business world comes both from policy-makers and the private sector of the economy.

For many years, important parts of the efforts and budgets of statistical organisations have been devoted to meeting this demand. The data have come in the form of monthly or quarterly indicators and more exhaustive but less frequent structural data, broken down mainly by activity and region.

But more and more businesses operate in an international environment. They benefit from policy measures adopted at supra-national level – such the GATS Agreements and EU policies on the single market and on increasing competitiveness, growth and employment. As a result, the need for business data extends beyond that which can be met by individual countries and gives rise to further requirements: comparable data among countries and international figures.

In the case of the EU, the European Statistical System (ESS) has established a framework for the production and dissemination of harmonized business statistics. This framework is based on several European Council Legal Acts that lay down common criteria on the characteristics



of data to be produced. These criteria cover variables, definitions, breakdown, delays and frequency.

The framework also includes methods to collect centrally harmonized information from all EU countries, obtain European totals and make all

these data accessible to users.

Eurostat is responsible for this activity, maintaining systems for short-term indicators, structural business data and production statistics, as well as specific systems for special sectors or fields such

as tourism, iron and steel, energy, the environment, technology and the information society.

Most of the legal framework for the production of harmonized European business data is now being implemented and data are being

introduced into the information systems. Eurostat aims to grant access to this information to different users, whether they be partners (European institutions and national statistical institutes), private organisations or researchers. The consolidation of an efficient dissemination programme that benefits from all recent advances in electronic dissemination and remote access to data files is a priority.

Several challenges

Nowadays the production of business statistics faces several challenges:

Burden on businesses.

An increase in the information required, due to either a more detailed breakdown of variables or the inclusion of new sectors, may increase the burden on enterprises. An additional burden may result from poor coordination in the individual data collection phase.

Effort to ease the burden is threefold. *Firstly*, simplification of data collection procedures – adapting them to the accounting practices of enterprises and using computing and advanced communication methods for questionnaire completion and transmission. *Secondly*, aiming at better coordination of the various statistical operations – sometimes launched by different institutions – to obtain data from businesses. And, *thirdly*, investigating alternative sources based on administrative records.

It is important to bear in mind that the European Legal

Acts on business statistics encourage the use of administrative sources and that the ESS promotes this form of data collection in various ways, such as dissemination of best practice and the organisation of seminars for experts.

Quality. Measurement of the quality of information is necessary in order to use it correctly. Quality covers aspects such as sampling, sampling and non-sampling errors, timeliness and deviation between that which is intended to be measured and that which actually is measured.

The European Legal Acts on business statistics demand preparation of quality reports on data collected. These are being discussed currently by working groups dealing with implementation of the acts. A substantial and imaginative effort is required to bring together the two sometimes opposing elements of quality and cost.

Confidentiality. Procedures for control of disclosure are especially important when there is a risk of individual businesses being identified and advantage taken by competitors. This results in significant numbers of empty data cells at country level, which are multiplied when calculating European aggregates. Currently, everyone is seeking ways of minimising this multiplying effect.

Feedback to respondents. Enterprises are interested in detailed statistics indicating their position in

the market. Establishing a return flow of data to them is a way to encourage their cooperation, and has been done by several NSIs.

A changing environment.

Businesses are increasingly dynamic. As the publication *Enterprises in Europe* shows, every year about 10% of the total stock of enterprises is created and about the same number ceases activity. In addition, phenomena such as globalisation, enterprises merging, out-sourcing of activities and sub-contracting, the weight of services in industrial activity and the production of intangible output are becoming more and more important and need to be considered.

The diversity and rapid evolution of some sectors that have an increasing weight in the economy is another key aspect for official statistics. Encouraging discussion of such issues and developing common practices for their measurement are prime ESS objectives.

Changing demand.

The demand for business statistics is not static but driven not only by the phenomena described above but by the policy changes of recent years. Current policy concentrates on efforts to increase competitiveness, flexibility and growth in employment and to assist small and medium enterprises. The previous policy was more sector-oriented. These changes in requirements place new demands on NSIs, which have to react with a flexibility difficult to

achieve given the lengthy planning cycles of normal statistical operations.

Lack of information on services.

Service activities are diversified. They range from commerce distinguished by intense demographic change and freedom of operation to areas like insurance or banking, subject to strict rules; and from some that are strongly market oriented, such as business services, to others where private sector and non-profit-making or public activities are mixed, for example health and education.

Services are also very important at present in taking a 60% share of value-added and employment. This keeps rising due to growing competitiveness, the influence of information technology and emergence of new services such as out-sourcing of industrial activity. The need to adapt statistical production to the demands of this sector is one of the most exciting challenges statisticians face.

All these demands and challenges will benefit from continual cooperation among all the statistical institutions of Member States and the EU and active contact with data users. All those involved should endeavour to strengthen existing links in order to maximise the flow of information in all directions and the sharing of knowledge and methods.

Pedro Díaz Muñoz,
Director at Eurostat
responsible for business statistics.

Enterprise statistics form a big proportion of all statistics on the economy. But the world is changing – what with internationalisation, globalisation and burgeoning of the service economy. *Sigma* wanted to hear how Eurostat is responding to this challenge. BARBARA JAKOB spoke to FRANÇOIS DE GEUSER* and MARCO LANCETTI*.

Squaring A STATISTICAL circle

A key step to improving enterprise statistics was taken with the adoption of two new regulations on industrial statistics: one on structural statistics, the other on short-term indicators. According to **François de Geuser** “the new Regulations should be incorporated into the old organisational framework of industrial statistics.

“Since 1964 a number of steps have been taken to follow the development of industry. A Directive on investment was adopted in 1964, followed by one on setting-up an annual survey on the structure of enterprises in 1972, and another on the business cycle in 1978. All these Directives were geared towards industry in accordance with preoccupations at that time. The only fields that had to be measured were industry and construction.”

François de Geuser continues: “It was discovered quickly that lack of a specific statistical infrastructure, such as a nomenclature or definitions of statistical units, had considerably reduced the value of the statistics. Industrial data received from Member States were collected using national nomenclatures and definitions of statistical units etc. So it was difficult to transpose these data to a European



François de Geuser

level. The calculations had no solid basis and data on annual surveys were often up to four or five years out-of-date. This made it hard for us to obtain good results for the EU as a whole.

“Second main problem with this old system was that it only covered data on enterprises with 20 or more employees. While this made it easier to collect data and kept costs down, many key economic sectors were insufficiently represented. These included, for example, textiles and leather – although large numbers were employed in these sec-

tors, they were in relatively small enterprises.

“The single market brought it home to us that the system of gathering information on the economy covered only industry, construction and enterprises with 20 or more employees. There was no place for services, distributive trades and small and medium-sized enterprises (SMEs).

“From then on, the Commission aimed at setting up structures that would make it possible to transform national data into European data; and to collect data for European objectives

by harmonizing the basic procedures governing data collection – or even by registering enterprises in accordance with European classifications.

“EEA Member States were obliged to make their national classifications compatible with those of the NACE, itself aligned with the UN International Standard Industrial Classification (ISIC).

“The Regulation on the coordination of business registers was then introduced. Adoption of the Regulation on units will make it possible to determine the exact nature of an enterprise, kind-of-activity unit (KAU), local unit etc. This should allow us to determine the enterprises concerned and the different units to be measured by our range of surveys.”

Major changes

François de Geuser goes on: “Following establishment of this new infrastructure, the scope of the surveys expanded. Three important Regulations on data collection came into being:

“First deals with production and Prodcom products. For the first time ever, this Regulation has made it possible to publish comparable data on production and trade – in the Europroms CD-ROM.

“The second Regulation deals with the structure of enterprises. Eurostat has taken two important decisions. With surveys extended to include all enterprises, it has done away with the 20-employees threshold. The figures were previously distorted by small enterprises not being surveyed.

“The scale of the whole exercise has clearly changed

Different approach

As in all other industrialised societies, services are assuming an increasingly important role in the EU economy. But this importance is not currently reflected in statistical observation. **Marco Lancetti** puts it like this:

"On a political level, the Uruguay Round GATT negotiations gave birth to a 'services' component, spawning a new need to extend business statistics to the service sectors. Implementation of the 'services' project began with the DGINS conference in Palmela in May 1986 when the first services work programme, with a tourism annex, saw the light of day.

"One characteristic is that services are 'invisible'. They are also volatile and can't be 'stored'. As a rule, statistics have to take account of the fact that production and consumption occur at the same time. So the statistics need to adopt a different approach.

"There are several different types of services. There are the traditional services of commerce and distribution, but the sector also extends to insurance, banking, transport, communications, personal and community services etc."

beyond all recognition. Whereas, before, 500,000 enterprises were surveyed at European level, the figure is now around 16 million EU-wide. This might cause a number of problems, for example with SMEs, which regard the surveys as an additional burden and try to find ways of avoiding regular response. Eurostat is sensitive to these concerns and is attempting to find suitable ways of lightening the burden.

"Eurostat's second key decision should make it possible to extend the surveys to all sectors of activity. To gain a firm grasp of the problem of services, much time had to be spent on discussing definitions and methodology."

François de Geuser explains advantages that might be gained from the reorientation: "These two fundamental changes – doing away with the 20-employee threshold and extending the surveys to all sectors of economic activity – will help bring Eurostat closer to its users and particularly its main user, national accountants."

The third main Regulation on collection deals with the business cycle. It is expected to be adopted in second half of 1998. **François de Geuser** again: "This Regulation is also an important step forward as it will apply to all enterprises and all sectors – industry, services and commerce.

"Added to these challenges of scale and scope is the fact that this Regulation on collection of short-term economic statistics aims to provide a indicator of activity for all branches of industry. Purpose is to show it's possible to mea-

sure the economy and provide monetary and budgetary policy-makers with a number of indicators enabling them to monitor business cycles in industry and specifically services and commerce."

Difficult issues

Lancetti explains how these new laws will affect his field of work...

"With these two Regulations, we have rounded off the legislative framework.

"They supplement and support our work, helping us to consolidate data collection systems already set up by a Council decision on services, which referred to the information available. With the two new Regulations, we shall have a harmonized system to help fill all the data collection gaps.

"The fact the Regulation has been approved doesn't bring matters to a close. There are many difficult issues still to be tackled. Pilot surveys were adopted during the Council discussions. And then there are other elements that are not to be subject to regular data collection exercises but tested before being put into action. One such is the survey on foreign affiliated trade services (FATS) - the activity of foreign enterprises established in another country's territory.

"Information on enterprises in all sectors collected within the overall system will be supplemented by sectoral modules. These provide for other statistical indicators of greater relevance to the sector in question: one on commerce and distribution and another on insurance, recently approved by the Council.

"The Regulation makes provision for gradual addition of other modules to complete the system. The fact that these fall within the same regulatory framework as industry makes it possible to ensure a degree of consistency between industry and services.

"The key thing is we now have Regulations on defining statistical units, on classifications and on registers. All the elements of the infrastructure are there.

"Member States have finished the transitional stage with the Regulation on registers. But some aspects still require final polishing – particularly in services where the work is more difficult because it often centres on small enterprises or individuals. Introduction of the structural Regulation and implementation of Prodcom and business cycle Regulations will give a real boost to collection of data on enterprises.

"There are still some problems. In industry a high-quality service needs to be maintained, and in services efforts must continue to improve the system to achieve a balance between the two sectors. These two pieces of legislation are not yet in balance with the collection systems, which are still too heavily based on a goods-oriented approach."

Two-pronged

There are two prongs to this approach. They each feed off the other. A collection system is constructed at the same time the first estimates appear. Stresses **Marco Lancetti**:



"The collection of statistics on services does not begin with the Regulations that have just been adopted.

"I don't wish to give the impression that this important work on building the infrastructure has been carried out without our producing initial estimates. Pilot surveys were conducted with some Member States to test the methods and come up with initial estimates. Even if these are not of the highest quality, this exercise has been very useful for the requirements of Community policy. Publications such as the *Panorama of industry and Enterprises in Europe* have been compiled to examine the phenomenon of SMEs."

"Quite so", confirms **François de Geuser**. "When we were constructing this system, we tried to answer a whole series of basic questions raised by the Commission services on topics such as competitiveness or sub-contracting. Attempts were also made to monitor and measure the competitive ability of enterprises, as well as describe their

demography and health and the requisite conditions for creating and maintaining employment."

Still to be done

François de Geuser says there are still a number of problems to be solved. "**Marco Lancetti** has already mentioned the problems with FATS, an aspect of globalisation. But we need perhaps to narrow our focus and think more in terms of the Europeanisation of production and enterprises and finding ways of measuring this.

"All these financial links, the volume of intra-company trade and the consequences for measuring turnover, production and value-added should be considered really important. While this has been well covered in the context of extra-Community trade, there is still a lot of work to be done at intra-Community trade level. This aspect of globalisation will be the object of more thorough research.

"The second problem is business services – intangibles –

which can't be measured. How to assess their value and effectiveness? This concept of 'intangibility' will need examining in more detail.

"Eurostat is not fully equipped to act when it comes to financial relationships, dependence and links between enterprises or even the definition of a group of enterprises and its application. We shall have to examine how we can monitor these large groups of enterprises.

"When it comes to business statistics, the development of accounting standards is particularly important because this will condition the quality of the responses from enterprises. This is a fundamental problem that Eurostat will have to solve in months and years to come."

Lancetti feels that a key challenge facing statistics over the next few years will be how to deal with groups of enterprises and sub-contracting. "The

approach we use is of a number of (often industrial) enterprises located in several different countries in Europe, or the world at large, that group together - as in aircraft construction.

"Another more typical aspect of services is that the services offered don't have to be in the same place. More and more thought is being given to business networks as the worker increasingly becomes a service provider or small business person.

"There have been studies into ways of structuring the business world and labour market and the concept of the 'virtual enterprise' has been sketched out. We need think only of the Internet or home-working. All our basic tools such as definitions of statistical units, classifications and indicators will need re-examining to take account of this new method of working in the information society."

MAJOR PREOCCUPATION

François de Geuser: "Competitiveness is a major preoccupation for the Commission. An interdepartmental group is looking into it.

"Eurostat and Directorate D in particular provide a range of indicators that help give some idea of the competitiveness of industry.

"We now have to focus our attention on how to measure the productivity and competitiveness of services."

Marco Lancetti: "When it comes to the competitiveness of services, we are faced with the same problem: services are a mass of small and medium-sized enterprises, so competition is keen. The situation is further complicated by the intangible nature of services. It's difficult to pinpoint the products of services - or changes in these products.

"We have only just begun our investigations but are keen to step up our activities this year. DG III has, in fact, indicated that the Commission's reports on competitiveness contained grey areas for most of services sector. So we need to remedy this and fill the gaps.

"This is one of the priorities of the 1998 programme."



Key objective

One final question: what's the aim of all this?

"Eurostat has achieved its aim", replies **François de Geuser**. "We currently harmonize data at the level of collection. We provide standards and definitions. The degree of harmonization is entirely satisfactory. Now we need to measure its quality. For example, are Member States applying the definitions adopted? There are still many questions to answer."

Marco Lancetti: "For reasons already mentioned, I feel statistics on services have far from completed their development. Sectoral improvements will have to continue to cover all the services sectors. They will need to investigate the role of non-market (or non-profit) sectors – those that former Commission President Delors defined as new sources of employment.

"In exploring these sectors, business statistics will have to come to grips and fuse with the public sector for an overall view of the phenomena.

The real challenge lies in being able to implement this strategy successfully against a background of diminishing NSI resources; and without increasing the burden on enterprises.

"Only way of 'squaring this circle' will be to try and draw on new opportunities offered by the information society: the electronic exchange of data and greater use of administrative sources (more and more of which are on computer). By making greater use of sophisticated sampling techniques, it will be possible

to achieve an optimum balance between cost of collection and relevance and value of the information collected."

* Eurostat Directorate D was reorganised on 1 April 1998. Statistics on services and industry were previously under two different units. Distinction is now made between structural statistics and business cycle statistics. François de Geuser was in charge of industry, iron and steel and coordination of surveys on enterprises. Since 1 April he has been in charge of classifications, methodological coordination and infrastructure of business statistics.

Marco Lancetti was formerly the head of unit D2 – distributive trade and services. He is now in charge of external trade statistics.

Legal basis

An important legislative framework has been established this decade to set up or modernise the basis of business statistics. It has included:

- ▶ Adoption of Council Regulation (EEC) 2186/93 of 22 July 1993 on Community coordination in drawing up business registers for statistical purposes. Complete and up-to-date registers are essential for data collection. They enable representative samples with known error limits to be used instead of complete enumeration.
- ▶ Adoption of Council Regulation (EEC) 696/93 of 15 March 1993 on the statistical units for the observation and analysis of the production system in the Community. National systems have used a variety of statistical units (for example, enterprises, establishments,

local units, kind-of-activity units) and the Regulation clarifies the definitions of units to be used when data are supplied to Eurostat.

- ▶ Adoption of Council Regulation (EEC) 3037/90 of 9 October 1990 on the statistical nomenclature of economic activities in the European Community and amended by Regulation (EEC) 761/93 of 24 March 1993. This establishes for the first time a firm legal basis to provide for a comparable and harmonized EU activity nomenclature (NACE rev 1). It provides a classification of both manufacturing and service industries aligned to the UN International Standard Industrial Classification, revision 3.
- ▶ Adoption of Council Regulation (EEC) 3924/91 of 19 December

1991 on statistical classification and collection of industrial production statistics (Prodcom). This provides the legal basis for collection of harmonized annual production statistics for some 5,700 products and quarterly collection for certain products.

- ▶ Adoption of Council Regulation (EEC) 3696/93/93 of 29 October 1993 on statistical classification of products related to economic activities within the European Economic Community: This provides for a comparable and harmonized product nomenclature (the CPA) articulated with the activity nomenclature NACE rev 1.
- ▶ Adoption of Council Regulation (EEC) 1588/90 of 11 June 1990 on transmission of confidential data by NSIs to

Eurostat. This makes it possible for Eurostat to receive confidential data that can be aggregated to produce non-confidential European totals.

- ▶ Adoption of Council Directive 95/57/EC of 23 November 1995 on collection of statistical information in the tourism field. This provides harmonized statistics on tourism supply and demand.
- ▶ Adoption of Council Regulation (EEC, EURATOM) No 58/97 of 20 December 1996 on structural business statistics. This provides the framework for Community surveys on the structure and activity of enterprises in mining, manufacturing, distributive trades, services and construction.

A regulation on short-term business indicators is underway.

Some of Eurostat's most important 'clients' are the officials who shape EU enterprise policy. *Sigma* sent JOHN WRIGHT to the European Commission in Brussels to talk to some of them about the key role of statistics in helping to create a united Europe. First call: Directorate-General XXIII which deals with enterprise policy, distributive trades, tourism and cooperatives. Here he met DR REINHARD SCHULTE-BRAUCKS (47), Head of the Improvement of the Business Environment Unit since 1992.

Statistics shed light on SMEs

Did you know that small businesses run by women have a higher failure rate than those run by men?

This is no reflection on women's business sense. Statistics show that female enterprises tend to be in sectors more prone to failure (even when a man's in charge), such as fashion boutiques and restaurants.

Reinhard Schulte-Braucks cites this to illustrate the value of statistics in forming policy on SMEs (small and medium-sized enterprises). SMEs are very much his 'baby'. Some baby...

As the SME 'bible', *Enterprises in Europe*, published by Eurostat and DGXXIII, points out, half of all EU enterprises are one-man (or woman) businesses where the staff consists

of the entrepreneur and possibly some family members. A further 43% of all enterprises employ fewer than 10 people. Together, these very small businesses provide a third of EU jobs and a quarter of turnover.

Schulte-Braucks says that when the findings on failures by women were presented to a conference they "hit the audience like a bombshell". The Commission is now pursuing a policy aimed at, firstly, increasing the number of female enterprises, and, secondly, giving them sufficient access to capital or training or whatever else needed to boost chances of survival.

Schulte-Braucks has other examples of statistics shed-

ding light and illuminating policy...

"We have looked at failure rates in general and late payment is one reason. According to a French study, one in four failures is due to this.

"Studies (not Eurostat) show that French payment periods are twice as long as the ones prevailing in the Scandinavian countries. In some southern European countries, payment periods are more than three times the Scandinavian standard.

"Such figures are used to underpin our activity. Late payment is something we would like to change with a draft Directive that has just

been proposed by the Commission."

I suggest that the Commission itself is not renowned as a quick payer.

"Correct, correct. The reason you had to wait a few minutes [to start the interview] was I was having a conversation with the Court of Auditors about this. We in DGXXIII pushed the Commission to adopt more stringent rules, which they did last year. All our contracts now state that we shall pay interest on arrears – on request.

"We are proposing in our Directive that public authorities should pay interest on late payment *automatically*, because normally the con-

FATHER (OR MOTHER) TO SON (OR DAUGHTER)

"We are very concerned about transfer of businesses from one generation to the next", **Schulte-Braucks** says.

"Figures show that up to 30% of all transfer operations lead to failure or bankruptcy. This is quite disturbing because obviously the post-war entrepreneurial generation is now reaching retirement age and there are millions of transfers every year. If 30% always go bust this is intolerable

"So we adopted a recommendation in 1994 addressed to Member States saying 'You must do a number of things'. Most important is reducing inheritance tax. The UK has done so in an exemplary fashion – to zero.

"A number of other Member States have also reduced it – Spain by 95% with Belgium about to do the same.

"You had situations where heirs had to pay up to 70% tax – but that's

not all. If there were, say, four children and only one wanted to continue the business, he or she would have to pay 75% of the value to the other three – on top of tax – taking total transfer cost to over 100% of company value. This is when they go bust.

"But successful transfers increase the number of jobs in the business by 30% because the new entrepreneur normally starts with fresh enthusiasm."

tracting partner is in a position of dependency and weakness. And we think the Commission should, too."

SME density higher in USA

We get back to basics and his unit's role. "We are responsible for shaping enterprise policy", he explains, "and more particularly policy in favour of SMEs. All our activities are designed to unlock their job-creation potential.

"That presupposes we know whether and to what extent SMEs do create jobs. This is a question that's difficult for statisticians because they haven't done enough longitudinal studies up to now.

"We have relied on other sources – the OECD does statistics and we have our own Observatory on SMEs in Europe. This is a network of research institutes that do their own research, partly independently from the Commission, partly under contract with us. They use Eurostat statistics obviously, and they have been able to confirm that very small enterprises at least are able to create job growth."

What sort of other statistics is he looking for – and why?

"We would like to see comparisons with the US and Japan. Obviously we know that's not Eurostat's task, but in the political arena our message would be much more convincing if we could say, 'Look, Europe is lagging behind the US in this or that area'.

"For example, the ratio of SMEs per 1,000 inhabitants seems to be considerably

Schulte-Braucks says cooperation with Eurostat "is much better than with other Commission departments". He's full of praise – "although I must say that maybe the fact that we pay for the work they do for us is why we're treated like a valued customer!"

I hope you don't pay them late, I venture, mindful of what he's just said on this topic.

He doesn't turn a hair. "No. I think we pay reasonably fast."

higher in the US than in Europe."

But how good are the statistics on SMEs generally?

"Oh, they're not bad. They are the basis of a lot of things we're doing. But Community-wide statistics obviously need time to prepare. I know Eurostat has a very difficult job in urging Member States to present figures in time and in making them comparable etc. There is a relatively long delay."

How long?

"Well, 1994. However, we're not talking about conjunctural data. We're talking about data on the structure of industry, the percentage of SMEs in the economy as a whole or in certain sectors or Member States.

"When we're asked to devise a new policy the pressure is growing to produce statistics, explain why we consider them unsatisfactory and forecast the improvements we might make to them in the foreseeable future. And that's

not easy with Eurostat figures. Because of the long time-lag they can't produce figures *ad hoc* on certain subjects – say, on late payment.

"So I hope my friends in Eurostat aren't angry if I say – they know this – that we then resort to other statistical sources. We may subsidise a survey; for example, as we have with the British accountancy firm Grant Thornton for a number of years."

Not comparable

Exactly how do you measure the health of SMEs – survival obviously?

"One could use a number of ratios. For instance, equipment with own capital, where we're always told that European SMEs are particularly bad. Late payment we've talked about. We know only 50% of SMEs survive their first five years, a very preoccupying health – or sickness – indicator.

"But, it's interesting to see that in Austria, for example, more than 80% survive the first five years. These are figures that we get from Eurostat. But Eurostat can't deliver survival figures for all Member States – they're not comparable from one to another. So Austria's 80% might be due to different statistical methods – maybe omitting all the fashion boutiques that normally go bankrupt within a year or so!"

Are there, I want to know, things that would have been much more difficult, perhaps impossible without statistics?

He replies: "I must say the whole Observatory project would have been impossible without Eurostat's input. I



know our Eurostat friends are sometimes a bit unhappy about their input to the Observatory. Eurostat figures are the more scientifically based. The Observatory takes the liberty of extrapolating the data, which Eurostat refuses to do – for very good reasons. Observatory estimates sometimes include the year the report is published, which would be impossible for Eurostat.

“When we talk about SMEs, other Commission departments sometimes call our statistical basis into question and ask ‘Are there really so many SMEs, do they really create so much employment?’ Well, even if they didn’t create employment they are responsible for two-thirds of EU employment. Even if they created negative job growth there would be all the more reason to watch them very carefully and maybe try to help and sup-

port them. So the statistics are enormously important to us.

‘Can’t ask the impossible’

SMEs form the backbone of the EUR 15 enterprise culture where over 99% of businesses employ fewer than 250 people.
Enterprises in Europe, Fourth Report.

“Doubts and criticisms levelled at us sometimes focus on the so-called size-distribution fallacy. People say ‘There might be no job growth – the growth you observe, for instance in medium-sized companies, is really big companies that, as a result of downsizing, have become medium-sized companies, thus increasing the number of medium-sized firms and SME jobs’.

“This scientific statistical debate has been going on for a number of years.

The Observatory has examined the arguments very carefully and presented a method for eliminating the inconsistencies – adjusting the figures in such a way that there is no longer a size-distribution fallacy.

“So today we’re in a much more comfortable position. Whenever the subject comes up – every six months or so – then we say ‘You’re wrong. Our figures are corrected figures and still show job growth’.”

What sort of data will you be looking for in the future?

“Longitudinal data would allow us to monitor the job creation

capacity of SMEs more closely on the basis of a business panel. This would start at a given point in time and be the performance of member companies observed over at least five years. If companies went bankrupt they would be replaced. I think our Eurostat colleagues are working on this and I’m eager to see their first results. It seems the only statistically correct method of talking about SME job growth.”

Any SME statistical ‘black holes’?

“It’s no use asking Eurostat to do the impossible. When we need specialised data quickly we know the instrument of EU-wide statistics is much too cumbersome and we try to get data elsewhere. We know Eurostat needs time to convince Member States to collect data according to a certain methodology, thresholds of comparability etc, whereas our survey on late payment

Of 28 million jobs in wholesaling and retailing, 83% are in SMEs; 13% are one-person businesses. In finance and business services, 62% of the workforce are in SMEs



Like clockwork

The SME Observatory includes all Member States plus EEA members. Recently Switzerland has joined at its own cost. Schulte-Braucks comments: “The quality and regularity of the Swiss figures is exemplary, much better than most Member States.”

The southern Member States...

– Greece, Spain, Italy and Portugal – are characterised by a huge number of very small enterprises and the smallest average size in the EU, Greece being the lowest. The density of enterprises per 1,000 people of working age is high – 70+ compared with 40-50 in France and Germany – showing the importance of small family businesses, especially in retailing and craft industries.

was done by a private company in three months.

"There is another interesting area: have SMEs benefitted from the internal market? We've used statistics to examine this. At first the Observatory was unable to detect any job creation flowing from completion of the internal market, which was obviously embarrassing. So we asked them to refine their survey with a larger sample.

"They broke the results into country groups and it was the cohesion countries Greece, Spain, Portugal and Ireland that showed the biggest job growth – quite impressive figures. It was lowest for central European countries like Germany, France and Benelux. They were the founding fathers of the Community so their companies have probably grown so accustomed to trading across borders that they no longer give the Community credit for being able to do so, and the survey reflected that."

And so our conversation ends. It's clear that SMEs – so vital for the EU's economic well-being but so many of which teeter on the edge of viability – and the statistics that shed light on them have a doughty champion in this lawyer turned Commission official. After all, he is a German who was in the Cabinet of German Industry Commissioner Narjes when, in the late eighties, he took Germany to court claiming its beer purity law was a barrier to trade – and won. Challenges don't come much tougher!



Says Schulte-Braucks: "We are preparing SMEs for the euro in a number of ways. We know that only one in four of them is preparing properly. But we are endeavouring to avoid any panic.

"We're trying to establish if small companies' dependence on or partial vertical integration with larger ones risks their being forced into the euro by their larger suppliers or clients.

"For instance, if all airlines adopted the euro from 1 January 1999, not only internally but for selling tickets, then all travel agencies, typically SMEs, would have to follow suit. This would mean that the large companies

would harvest the benefits of the euro, with the small ones left with the 'dirty' work of conversion in millions of daily operations.

"Same for petrol stations. If the big petrol companies told their SME distributors 'We're dealing in euros; you do the work of conversion' that would be equally unhealthy.

"Fortunately it appears this scenario will probably not materialise. Large companies are switching to the euro internally but in such a way that they will still be able to invoice smaller clients in national currency.

"It seems European airlines fear the introduction of the

euro and have no intention whatsoever of introducing it in their pricing and billing. At present they benefit from the non-existence of transparency in flight tariffs – and they would like to keep that as long as possible. Even for their internal operations many of them won't switch to the euro before the middle of 2000.

"And then there's another reason why a number of large companies delay the changeover: many will do so a considerable time after 1 January 2000 – simply because they're are so involved with the millennium bug, which is stretching their resources."

European integration demands harmonized statistics. But Europe can't always agree about the course or shape they should take. Against the backdrop of the new Regulation on structural business statistics and the forthcoming one on short-term economic indicators – both of which introduce new rules for important areas of business statistics – *Sigma's* BARBARA JAKOB sought the views of OSWALD ANGERMANN and WOLFGANG REIMANN, two Statistisches Bundesamt officials with a close interest in harmonization.

"Even though I grew up in the provincial town of Kulmbach in East Franconia – not exactly at the heart of the EU – I'm an ardent European", begins **Angermann**. "I believe that we as statisticians can make an important contribution by producing the basic data essential to rational policy-making – that are comparable for each Member State."

"We find the approach for achieving harmonization in European business statistics quite logical", says **Reimann**. "Firstly, we standardise statistical units and classifications; then we construct uniform business registers. Then, for each individual statistical area, we have uniform survey programmes in the shape of the structural Regulation and the forthcoming Regulation on short-term economic indicators.

"So we have a framework. Once Member States have filled it in, we shall have managed to harmonize business statistics at European level.

"This also applies to harmonization of various sectors of the economy. The structural

Harmonization, YES but don't overdo it!



*Oswald Angermann,
Head of Division for
Manufacturing
Industry,
Environmental
Statistics and
Environmental
Accounts and
Coordination of
Business Statistics*

Regulation is the first of its kind to regulate statistics across all sectors. Again, we welcome this step to basic data on the whole economy. Such directly comparable data will ease considerably the task of compiling national accounts. So, as far as harmonization is concerned, I'd say we're on the right track.

Timeliness – the key

"But first it's important to ensure European business statistics are more timely", he stresses. "In the past, statistics at European level have been very out-of-date – three or four years. Such delayed data are of little political or economic value.

"So it's important all Member States stick to deadlines in the structural Regulation – to go public with structural statistics that are as up-to-date as possible. Businesses, too, find timeli-

ness much more useful than highly-detailed data."

However, Germany does have reservations about the Regulation...

These concern its list of characteristics – too detailed in Statistisches Bundesamt's view – and the fact that statistical data are required on small enterprises, hitherto largely spared surveys.

And timing couldn't be worse. Statistics are in the Federal Government's programme of cuts – and, at the same time, there's growing resistance among businesses to statistical questionnaires.

Reimann puts it this way: "Obviously, we welcome this Regulation, because it will lead to standardisation of European statistics. Integration within the single market is increasing, as

is globalisation of markets generally. This means our industry-based clients are as keen as everyone else for statistics comparable at EU level. In this sense, the structural Regulation is a step in the right direction. The same applies to the harmonization of classifications and national accounts.

"On the other hand, we would have preferred a less extensive list of questions. It definitely would be easier for us to meet the structural Regulation's requirements if the list had been shorter, with an attempt made at standardisation at a slightly lower level and acceptable delivery deadlines. The system as a whole could then have been expanded later, if the need arose.

"Two things in particular are complicating our work. On one hand, there is the paucity of Civil Service resources, being whittled away by cuts that hit statistics hard.

"Then there are big problems with businesses...

"In the current economic climate, businesses are cutting back on staff and trying to make savings wherever possible. Statistics are quickly singled out. Resistance to detailed official statistics has increased dramatically. We're having a harder time than a few years ago.

"This is another reason we can't burden businesses with big increases in the survey questions asked up to now. This could soon annoy enterprises

to the extent of jeopardising compilation of statistics hitherto accepted. This is why we must exercise restraint when modifying or extending our programmes."

Changing the statistical 'house'

Angermann uses this simile to explain why implementing European Regulations can be so difficult: "If you want a modern dwelling, you have two options: to build a completely new house or modernise an existing one. The 'house' we're modernising is German statistics, the quality of which so far has been quite satisfactory. However, since our system comprises a number of mutually harmonized sets of statistics, structurally very complex, altering this 'house' is proving very difficult."

He says of his department's 'alteration plans': "The structural Regulation introduces a few new features that are proving particularly difficult. For example, it requires data on small businesses. Up to now, enterprises with fewer than 20 employees were largely exempt from the annual structural surveys of industry. This was justifiable as small enterprises in the German industrial sector account for only around 10% of jobs and turnover.

"We know the picture is different in some other EU countries. Small enterprises are much more important, for example, in Greece and Portugal, where they may account for 50% or more of the total.

"So there's obviously much keener interest in data on them in such countries. I think we must find a compromise. We're planning a shorter questionnaire with the idea of ensuring

"The services sector, with its inadequate data coverage, currently generates around 20% of the value-added shown in the national accounts. Although well below the much-quoted figure of 50%, the extent of the services sector, however poorly covered in terms of data, is something that cannot be overlooked in the national accounts.

"The EU Regulation (on structural business statistics), which entered into force in early 1997 and is thus applicable in all Member States, could serve as a legal basis for compiling services statistics in Germany. The data to be recorded largely correspond to those that German experts consider necessary."

From Official statistical surveys of the services sector as a basis for the national accounts – report by the Federal Ministry of Economic Affairs and the Statistisches Bundesamt to the Bundestag Economic Committee, January 1998.

that not all details required of large enterprises are recorded for small enterprises. Given their modest share of total value, we can work with estimates in many areas.

"Even characteristics hitherto not in structural surveys must, as far as possible, be obtained from enterprises at no additional cost. Additional data are good – but if a survey's cost outweighs its benefit, we must simply do without it.

"This is why in Germany we're weeding non-essential items from the ongoing survey programme of business statistics. In certain areas we're trying to rein in; we're scouring characteristics featured in the national programme but not required by the structural Regulation with a view to cuts.

"In this respect, problems we have with implementing the Regulation in the manufacturing sector seem solvable, as we're working with a well-developed system. Similarly, in distributive trade and the hotel and restaurant industry, we can deliver much of the data required by the Regulation. Same applies to financial intermediation services, for which the Bundesbank and Federal Supervisory Office for Insurance Companies supply relevant data."

Closing gaps is costly

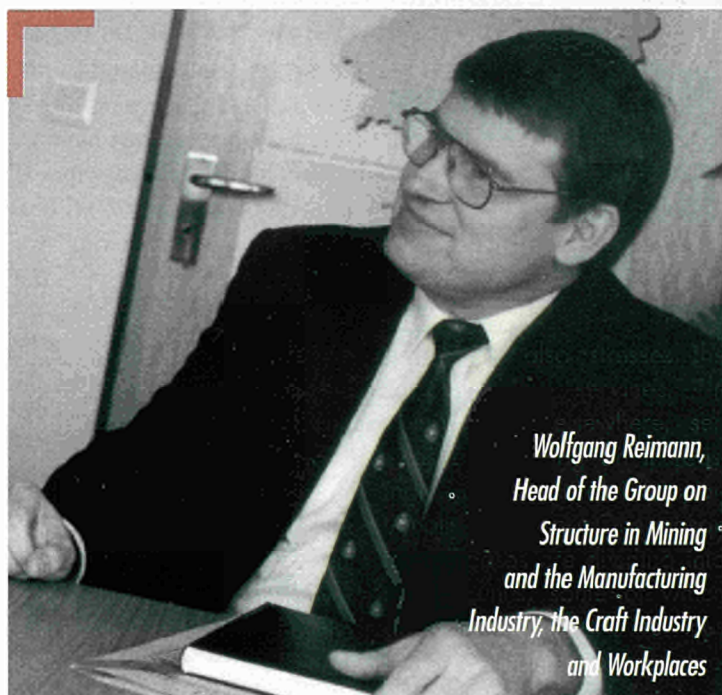
But what about services, for which the structural Regulation also requires data?

"Here we have real gaps", **Angermann** concedes. "There are virtually no primary surveys in this area, and – with the exception of the workplaces census, last conducted in 1987, and the annual turnover tax statistics – we have no other surveys that could provide data for this sector as a whole. For example, we know very little about investment in services. But to close the gaps is very expensive."

Reimann also stresses the importance of services. "In Germany, as elsewhere, services are playing an increasingly important role, proportionally increasing. One reason is enterprises are dividing into smaller units, some of which are moving into the services sector. So figures for manufacturing are decreasing."

"We're seeing a sharp drop in employment in the industrial sector and a rise in services", explains **Angermann**. "But, although current employment figures show jobs disappearing from industry in the short term, they indicate no movement between the two sectors – because we only survey the tertiary sector annually or longer. Hopefully this is a problem that can be solved by the register currently being constructed, as we shall then be able to see if a given industrial undertaking has branched into the tertiary sector."

Increasing importance of services is also evident from figures for value-added in the national accounts. The bulk of this is now generated by services. Hence the need for statistics here.



*Wolfgang Reimann,
Head of the Group on
Structure in Mining
and the Manufacturing
Industry, the Craft Industry
and Workplaces*

No statistics without registers

A well-managed business register is a solution to the dilemma of pressure to cut costs and growing resistance among respondents. But in Germany even this solution needs a path to be cleared at considerable expenses.

In compiling statistics, as in other countries, German statisticians have registers of data on the entire population of statistical units. These are used for sampling and routine recording, processing and extrapolation of statistical data. But so far these have been kept separately in individual departments of Statistisches Bundesamt and the Land statistical offices.

However, the sectoral approach to business statistics is no longer sufficient. Under the EU structural Regulation, statistics must be obtained on a trans-sectoral basis and for individual sectors according to uniform criteria. So it is essential to establish a comprehensive business register in Germany, as in other countries.

First step is to combine the partial registers held by the statistical offices. This has been done already for the two main registers - the manufacturing industry index and the sectoral register for distributive trades, hotels and catering. The bulk - around 50% - of the target volume should now have been recorded.

A plan for further gradual implementation has been agreed with Eurostat. By the time the deadline is reached in 2000 the complete register should have been constructed.

OBSTACLES

Construction is complicated by the register not being held centrally by Statistisches Bundesamt. Instead, responsibility for individual data lies with the 16 Land statistical offices. Given the differences in their size and technical resources, coordination means a lot of work, particularly since Statistisches Bundesamt, as a central office (like Eurostat) has no control over Land offices. Specific agreements must be made.

The business register should exploit administrative data files. One - almost insuperable - obstacle to using administrative records is that in Germany so far there has been no provision for uniform business identification. Merging the different types of coding systems of administrative files is an enormous task.

Updating is of central importance to a business register's quality. In accordance with the business registers Regulation, this should be done at least once a year using administrative records. The plan is to obtain these records from various bodies - tax authorities, employment service, chambers of trade and industry. But there are legal obstacles - European legislation conflicts with national laws.

The various types of data file are regulated by separate laws with special data protection provisions. So a special German law on statistical registers regulating transmission of individual data to the statistical authorities is needed before statisticians can gain access. A Bill has been prepared to allow this and should have been passed by middle of 1998.

"Business is particularly interested", says **Reimann**. "But compiling these statistics will be particularly difficult at a time when savings must be made left, right and centre."

As part of German's economy drive, from now on new surveys can be introduced only if others of the same scale are dropped. So thought is being given to how data can be obtained at lowest possible cost - for example, by using administrative data. But before German statisticians can do this a number of obstacles must be overcome as building a business register is especially difficult in Germany (*see left*).

"Producing services statistics is obviously not without difficulties", explains **Reimann**. "Simply because, in the past, they received less attention in classifications than goods. A commodity is relatively easy to describe. But services are different: they are harder to define, sometimes closely linked to production of a commodity, very diverse, and there is no special classification of services we can use as a basis."

"In services there is much less concentration", **Angermann** continues. "There are a lot of small units to survey which do not have enough staff to fill out statistical questionnaires constantly. It is particularly important here that European Regulations focus on characteristics these enterprises have in their accounts. This is something that enterprises are also constantly requesting."

But, as he points out, there are other problems, too: "A statistically less developed area that also belongs to services is the entire transport sector. Admittedly, there is no shortage of statistics showing how many

people or goods are transported over given routes etc. In other words, data primarily geared to the technical aspects of transport, but not to breakdown by enterprise. To say more about enterprises in transport will require effort.

"For general government services, which are well documented, calculation at constant prices proves particularly difficult. European harmonization in this field is most welcome; methods vary so widely from country to country, which can lead, at least partly, to differing results.

"Another area is part-time employment. At present we do not have an accurate and realistic picture of this. This is because in most sectors we only record the number of employees, although in industry we already record hours worked. So if a European Regulation requires us to record hours worked, this is definitely a step forward and one that will give us better information on economic development.

In favour

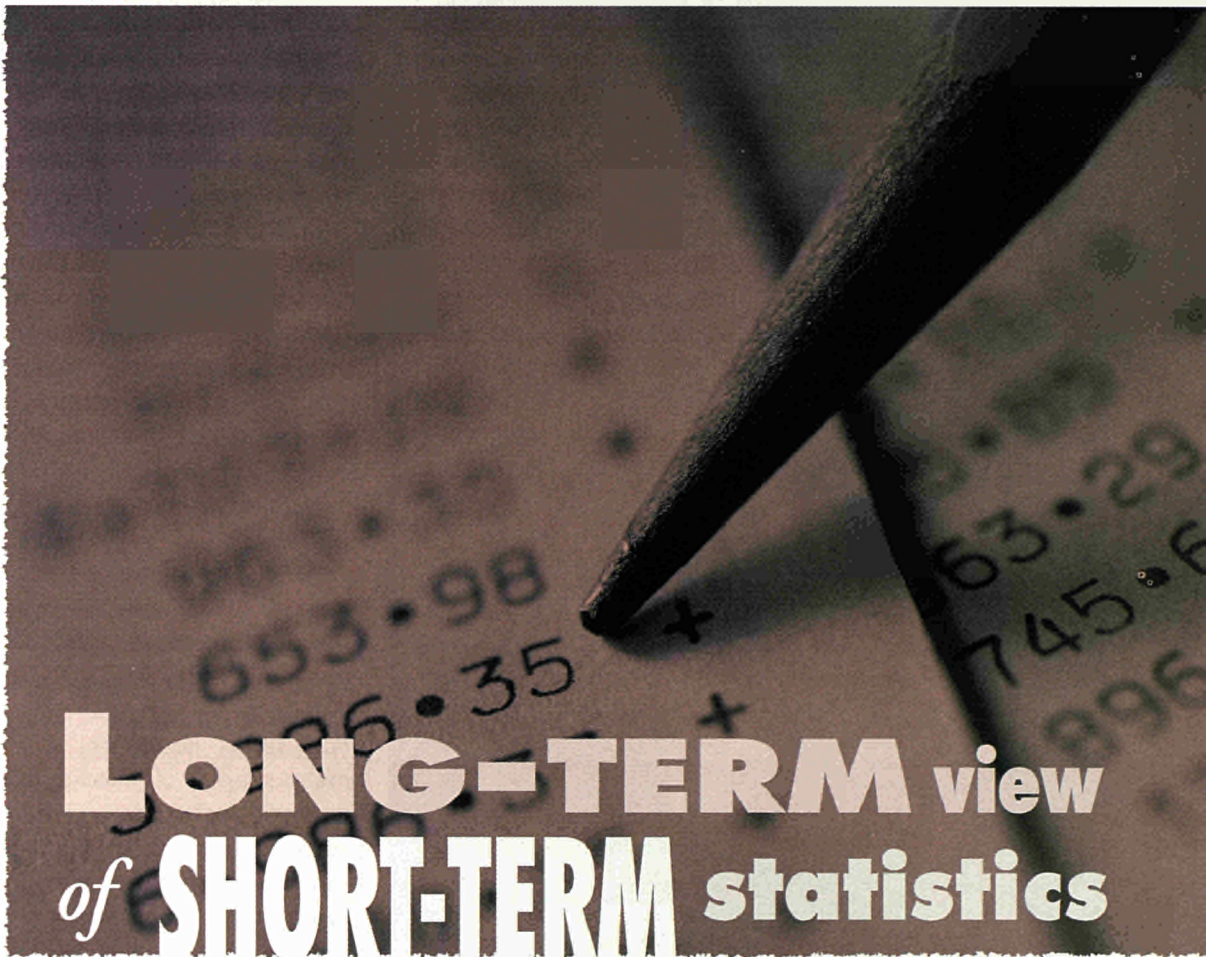
"Impetus from Europe - for example, the passing of regulations - can help us in many ways" is **Angermann's** verdict overall - "though Eurostat sometimes rushes along in certain areas. Obtaining more and better statistics in the services sector is, of course, a step forward - even if in other areas, such as manufacturing industry, we are having to rein in our highly-developed statistical programme.

"Though we may not always agree with everything in this field, it is undisputed that we are in favour of greater harmonization at European level."

Why do we need short-term economic statistics? Why European ones? The answer is obvious – at least at national level. To chart trends in the economic cycle and make sound decisions, politicians and economists need accurate, reliable and speedy short-term indicators.

So far the need at European level has been less obvious. As there is as yet no coordinated European economic policy, why do we need short-term statistics? Why the need for a Regulation* to govern this area?

DR BERTHOLD FELDMANN, in charge of Eurostat's short-term economic indicators and analyses, tells *Sigma's* BARBARA JAKOB how he's trying to convince Europe to take a...



LONG-TERM view of SHORT-TERM statistics

"We already have an internal market, enterprises are trading internationally and Europe wants to remain globally competitive", says **Feldmann**. "And the prospect of monetary union is imminent. So statistics on Europe's short-term economy are becoming increasingly indispensable."

"With the European Monetary Institute (EMI), the future European Central Bank (ECB), suddenly we have a major consumer of topical and reliable short-term economic data."

It's certainly true, **Feldmann** explains, that much has been done voluntarily – for example, to ensure good data coverage and topicality. Many countries that were lagging way behind in delivering data have caught up and now sup-

ply data with a mere two months' delay.

"Awareness that we need short-term economic data at European level has clearly increased", says **Feldmann**.

"On the other hand, it's still the case that individual Member States consider variables indispensable if they already exist in their own countries – and think that indicators that are not recorded can be dispensed with. Since, for historical reasons, a different set of variables has evolved in each country, the common denominator turns out to be extremely low, making harmonization very difficult."

In many ways, the Regulation on short-term economic indicators, unlike Prodcom or the structural survey, merely gives

formal expression to what is already being practised on the basis of a 'gentlemen's agreement', for example in producer prices.

Above and beyond this, the Regulation, work on which began in 1992, should lead to improvements. The current legal bases of short-term economic indicators (Council Directives from 1972 and 1978) are restricted to mining, manufacturing and construction. In contrast, the new Regulation covers the whole of trade and industry.

A wider view

"A distinct improvement can be expected for the services sector; short-term economic indicators should also be available here in the foreseeable future", says **Feldmann**.

"For the retail trade, many countries supply turnover data voluntarily. Under the transmission programme this will now become a legal requirement for all countries.

"For the services sector, which extends beyond retail trade, there are not as yet any quantitative short-term economic data. This should and must change! After all, we should remember that, from an overall economic point of view, industry is becoming less important and services more so.

"It makes no sense at all to concentrate all resources on industry and neglect the service sector."

"In the draft version of the Regulation on short-term economic indicators, this sector was originally planned as a

pilot study only – to see what was feasible. But in discussions with Member States it transpired that the vast majority wanted to go further – they were in favour of a clearer programme”, he adds.

“So we were able to agree on a compulsory programme, with employment and turnover on a quarterly basis for retail trade, hotels and catering, transport and communications and other business services. The last is a sector clearly becoming more important. The object is not, as many people perhaps fear, to compile short-term economic data on the smallest service providers such as hairdressers.

It is to focus on sectors we suspect have a significant short-term economic impact that might also be an early indicator of a general trend.

“As for statistics on the short-term industrial economy, we now hope that the forthcoming Regulation will ensure that all countries provide data not just for the production index, producer prices and employment, but also on turnover, orders and working hours.”

Topicality & quality the key

The value of short-term economic statistics depends entire-

ly on their topicality. There is still plenty of room for improvement here, which is why the Regulation stipulates clear and binding deadlines for transmission of data to Eurostat.

“While it’s certainly true that things have improved a great deal over the past three years in terms of voluntary transmission”, says **Feldmann**, “there’s still work to be done. Another reason timeliness is so important is that the future ECB will be a major consumer of short-term economic statistics. It will need these data quickly to manage monetary policy soundly.

“For some countries, the timely supply of short-term economic indicators is still a problem. ‘Social indicators’ in particular – employment, wages and salaries, working hours – arrive far too late.”

Eurostat must also considerably increasing the speed of data processing. Within 24 hours, data from Member States must be prepared for delivery to the EMI, the future ECB, in Frankfurt. This is a challenge to informatics staff in terms of data processing. An in-house task force is currently looking at how these problems can be solved.

A new and important feature of the Regulation on short-term economic indicators is the provision for quality control. “Every three years, Member States must send us a detailed quality report”, says **Feldmann**. “This will enable us to gauge the reliability of the short-term data and, if necessary, sit down with Member States to discuss how quality can be improved.

“This is also uncharted territory for us and we must gain experience. Currently, we are working on defining the data to be transmitted, how they should be exploited etc. In turn, this may open up other areas in which we shall have to work more intensively.

“What bothers me are the social indicators”, **Feldmann** continues. “Although they are becoming increasingly important, survey procedures vary a great deal – some countries work with business surveys, others with the results of household surveys, and yet others use existing administrative sources. We shall have to take a closer look to see how comparable things are.

Two approaches

“There are two ways of achieving harmonisation”, he adds. “You can either try to achieve *ex-ante* comparability, specifying how basic data are to be collected and laying down precise definitions. This ensures optimum comparability. But it is a very expensive approach, because in nearly all countries, both respondent enterprises and NSIs would have to make the necessary adjustments.

“Under the *ex-post* comparability approach, countries continue to collect their data as before, and, during a second stage, comparability of sorts is achieved by conversion. This is the approach being used for short-term economic statistics. For example, for the most important index, production, there are very many different approaches for collecting and calculating data. These



Dr. Berthold Feldmann

Europe's diversity

"Europe's diversity manifests itself not just in different cheeses or standards on the size of bicycle saddles, but also in methods used to calculate short-term economic indicators. Most Member States draw on decades of tradition shaped by national requirements, political needs - and, last but not least, the cost of data recording. Out of such diversity it is Eurostat's job to create harmonized concepts."

Berthold Feldmann on Eurostat's remit.

job to stimulate debate and exchange of ideas. Often countries faced with the same problem have different ways of solving it. If they make headway as a result of dialogue, so much the better.

"We're at the same stage with seasonal adjustment - intensive dialogue, exchange of ideas and experience. Just five years ago everyone was doing their own thing. I'm confident this in-depth exchange of views will in itself improve quality. Awareness of the problem is increasing, and the result will be, for example, improved adjustment of outliers and better routine adjustment for working days.

"In the foreseeable future, we're not planning to introduce binding provisions for seasonal adjustment, even if different procedures might produce very different results. Many countries are currently testing the 'TRAMO/SEATS' procedure, which seems very promising. Once we've evaluated the findings of the test phase, we'll decide how to proceed."

Short-term economic data play another role - as input to national accounts. In this area, too, according to **Feldmann**, much can be done to improve quality with the help of computing procedures and methods.

Persuasion beats prescription

"But in general when it comes to methods, comparability and quality, it's always better to convince people rather than tell them what to do. People may comply with rules



will also be allowed in the future. But, as part of subsequent quality control, we shall have to check the extent comparability is compromised and ensure acceptable results. Subsidiarity plays a major role in this area, and this will continue."

But, even if, in accordance with the principle of subsidiarity, NSIs are left to decide the survey method, this does not mean shelving discussion of promising methods.

Feldmann: "Since we've been discussing the Regulation, there has been a parallel and in-depth debate about methods, survey procedures and estimation methods. Ultimately it's also our

only grudgingly. Ultimately we've no control over what they do.

"Obviously there are always other variables of particular interest for analysis of the short-term economy: variables that feature in the current Regulation only as pilot studies - for example, infra-annual investment figures, surely of particular interest to the future ECB.

"But this is all for the future. Many countries that have had these data for years consider them indispensable. Others ponder their relevance."

"For the time being, *ex-ante* comparability is not conceivable in our field.

"Let's keep things in perspective. The important thing is topicality - to show the direction of the short-term economy. The arrow shouldn't point up if the economy is going down. But decimal-place accuracy is less important when it comes to growth-rate figures. In any case, accurate data are provided by the annual structural survey.

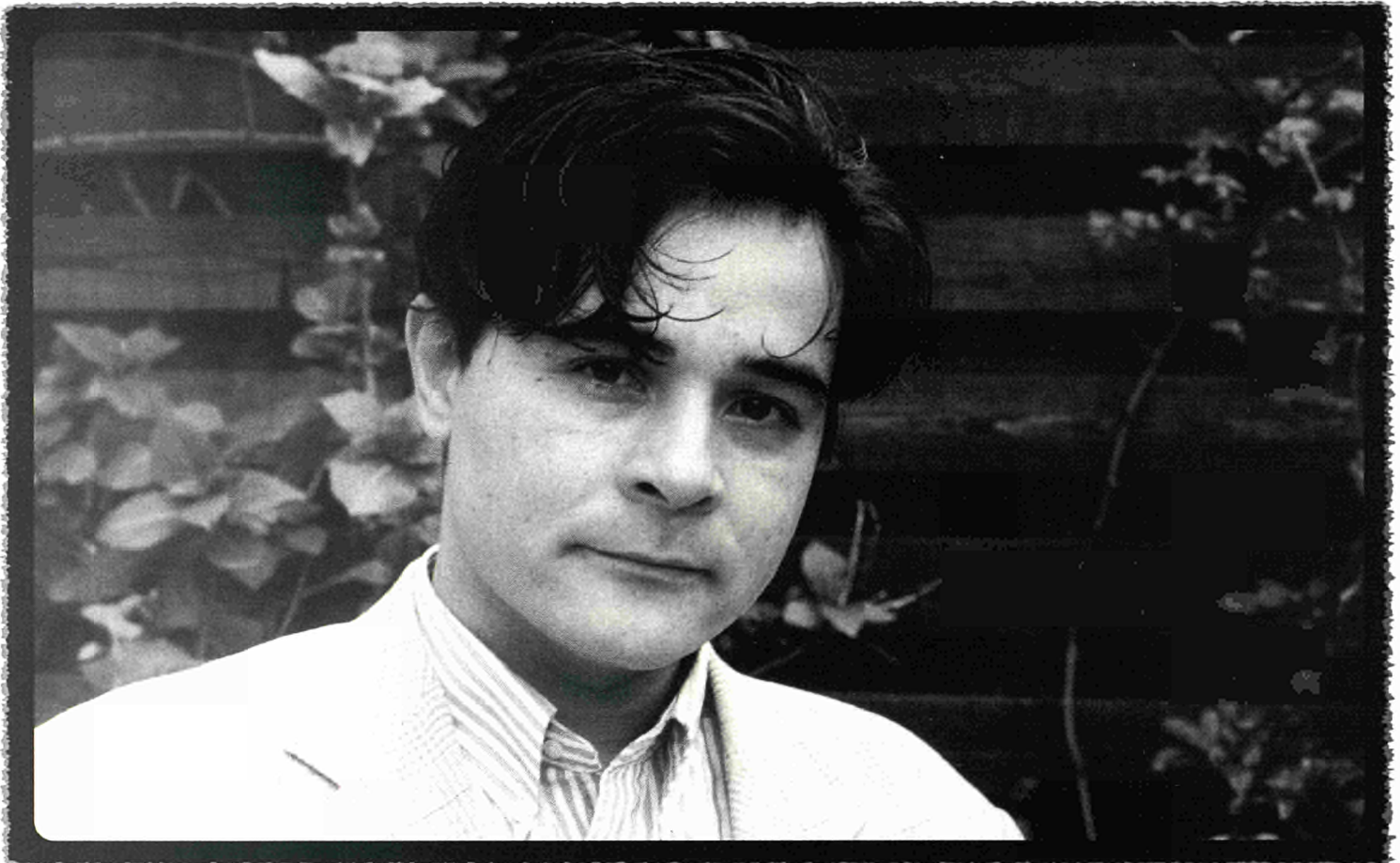
"We must strike a balance between the burden on enterprises and NSIs on one hand and usefulness on the other. We can't just expand the programme without thinking. At the end of the day, we want people to provide us with reliable figures."

* The European Regulation on short-term economic statistics was due to be adopted in spring 1998.

A Dutch expert describes the exciting developments taking place at EU level in short-term statistics, for which there is an ever-growing demand.

Corporate SPIRIT will WIN the day

by Thom Werkhoven



In recent years European statistics have been in a state of flux. There is the new accounting system (ESA), structural business statistics (SBS) and goods statistics (Prodcom and Intrastat).

The infrastructure of statistics has undergone significant improvement, institutionally (Statlaw) as well as in terms of classification of activities, registration and typology of firms and confidentiality.

The irrevocable process of harmonization is in full swing, and 1998 will undoubtedly see sig-

nificant developments. For instance, the new Regulation on short-term statistics is expected to come into force. This framework reveals the flexibility and liveliness of the current situation and will meet user needs and future challenges in statistics of business cycles.

The Short-Term Statistics (STS) Regulation has a long history, starting in 1992 under Eurostat. It was developed in task forces, seminars and working parties. Its aim was to improve on the old 1970s' laws that only covered industry and construction.

STS cover a wider range, including the services sector. They form a solid basis for a mature system of European short-term statistics that has to evolve in the decades to come.

Given the numerous national differences and political aims and restrictions, such as response burdens and budgetary constraints, it was difficult to find enough support. Some countries have more problems than others in meeting European targets, and the new STS take this into account, often quite creatively. During years of working on the

Regulation, there was growing understanding of the targets and challenges faced. Under energetic British EU Presidency most countries have come on board in recent months. This shows a great deal of corporate spirit – the driving force behind the new system.

There are a number of specific measures bridging the gap between national statistical systems and European targets. For instance, countries have a maximum of five years to meet current demands, depending on the type of statistics. Proxies can

be used more widely, especially in difficult areas such as the statistics on export prices, new orders and people employed.

Thresholds & pilots

Thresholds were set to avoid the observation of relatively minor economic activities leading to disproportionate costs and response burdens.

And it was decided to have pilot studies for far-reaching changes – to gain an insight into technical feasibility and economic relevance as well as the expense involved for NSIs and the response burden.

The pilot studies apply to new statistics, but also to attempts to improve timeliness, greater coverage of activities, the use of the kind-of-activity unit, and the breakdown of some variables into intra- and extra-EU.

The targets are intact, albeit requiring further discussion and acceptance that they will not be achieved tomorrow. Upgrading statistical systems is a step-by-step process demanding a joint, balanced approach. The new STS should therefore be seen as a gentlemen's agreement showing real commitment rather than a prescriptive legal measure.

The basis of the wide support for European targets in this area is the great demand for a timely and complete system of short-term statistics. The single currency and economic union, as well as increasing internationalisation, are key factors. The EMI has argued strongly for short-term data and the IMF has indicated clearly that timely economic indicators are crucial for financial markets and adequate intervention.

Companies and their umbrella organisations increasingly demand timely and detailed national and international infor-

mation for their marketing and pricing policies.

The news content of STS is significant. Press agencies and publishers of the daily newspapers are very keen on having short-term information on the state of the economy.

This demand for information that allows those involved in the economy to act quickly and decisively means that the statistics must be of excellent quality. They must be dependable and timely as well as complete.

STS have found a reasonable balance between feasibility and demand. There is, of course, still room for improvement, especially in responding to the EMI's demand for timely statistics. It wants data available quickly at aggregate level, as well as statistics giving an early indication of business cycle developments and inflation. These and other user wishes will certainly receive attention when the STS are completed and implemented.

Comparability is another key aspect of statistical quality. Eurostat has worked hard to improve comparability between the Member States. In cooperation with Member States Dr Berthold Feldmann [Eurostat official responsible for short-term indicators, see *previous article*] compiled a solid manual on harmonized statistics – an important corporate aid as national systems merge and the advantages of harmonization become more obvious.

Comparability is not just an issue of national differences. Statistics also have to be comparable over time. Raw statistical data are 'cleaned' by statistical calculation methods, filtering out seasonal influences, breaks in series,

exceptional weather changes and other incidental aspects.

Introduction of 'TRAMO/SEATS' means an important step forward by Eurostat in such corrective methods. However, this jewel in the scientific crown of time-series analysis will have to fight for acceptance in the user market, where traditional software from the US Bureau of the Census dominates seasonal correction. Member States will certainly be able to use it to their advantage, especially since most have relatively little experience in this area.

Rich histories

Not only the intrinsic quality aspects of STS are important; the relationship with other systems of monthly and quarterly statistics is crucial. Worth mentioning are **business surveys** and **energy statistics**, areas of rich histories and outstanding records of harmonization, enjoying the full support of key interested parties.

► **Business surveys:** These opinion polls, conducted under the wing of DGII (Economic and Financial Affairs) of the European Commission, are complementary to the retrospective STS in that they look ahead. Harmonization of the two systems in terms of content and publication will result in a big improvement in overall quality and a wide-ranging insight into economic development.

► **Energy statistics:** The economic role of energy is twofold. It is the most flexible input factor of the production process; as such it rides on the economic waves, reflecting the economy. On the other hand, energy influences the economy. It is one of the more volatile sectors because of sudden and significant fluctuations of oil prices and the

ups-and-downs of US dollar exchange rates. Linking STS and energy statistics may contribute to a clearer understanding of the business cycle and energy's role.

There are other areas as well that have straightforward and significant linkages with STS, for instance quarterly national accounts, structural business and goods statistics, labour force surveys, consumer prices and purchasing power parities.

When Eurostat and the NSIs can increase the coherence of the systems, they are better able to justify their position when room for manoeuvre is under pressure due to budgetary constraints and response burdens.

I see no reason to be pessimistic about European targets and the limited funds available to us. We might expect Eurostat to take an active and leading role in initiating pilot studies. Increased use of EDI (Electronic Data Interchange) and efficient cleaning-up procedures (selective and computer-aided editing) at national level will create opportunities for low-cost implementation of new statistics.

The business community also stands to benefit from these developments. Political limitations are more of a challenge than a threat, stimulating creative solutions nationally and internationally. Corporate spirit will be the force behind it all, since there has to be agreement between all concerned. Up to now this has clearly been the case.

So there is every reason to be optimistic about the future of European short-term statistics.

Thom Werkhoven is a senior economist heading the short-term indicators unit of Statistics Netherlands.

In the last decade, business services have developed into one of the most dynamic driving forces in the EU and world economies. AUGUST GÖTZFRIED of Eurostat D2 (Structural business statistics) explains how this is fuelling the demand for statistics to measure the phenomenon.

Booming BUSINESS services must be MEASURED

When it comes to economic globalisation, business services are of growing policy interest. They contribute to economic growth directly and indirectly.

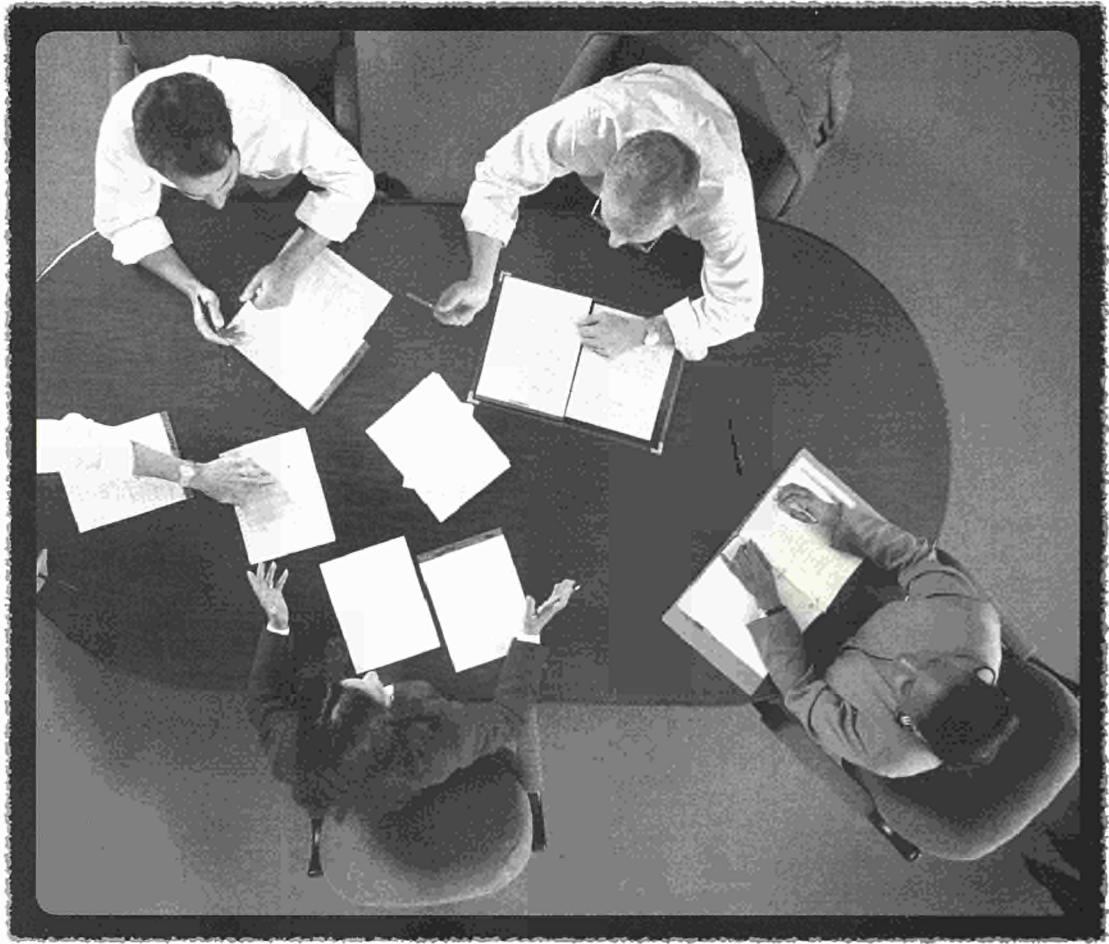
Directly they create new jobs and value-added. Indirectly they are, among other things, responsible for the competitiveness of services and manufacturing industry. A large range of business services activity has seen growth rates significantly above those of traditional manufacturing or services industries. Even in the last recession most business services developed much better than other parts of the economy.

In 1995 about 2.7 million enterprises were active in this area. They represented about 10% of total EU employment and some 14% of value-added.

So the need for more detailed information on these services is growing steadily. This has led Eurostat to launch a number of actions that should create more extensive statistics in this area and meet a large range of user needs.

Within a framework

A crucial step to improving EU information on manufacturing and services activities was adoption of Council Regulation 58/97 on structural business statistics. This aims



to establish a common framework for collection, compilation, transmission and evaluation of Community statistics on businesses.

This regulation contains five annexes: one horizontal and four sector-specific ones.

The horizontal annex covers basic information on such things as demography, turnover, value-added, or regional aspects of the enterprises observed. Business ser-

vices are also covered. This information is directed strongly toward the needs of macroeconomic statistics. So it was deemed necessary to develop more detailed statistics on business services enterprises to meet a broader range of user requirements – such as those of the sectors themselves. To achieve this in the medium term, pilot studies on four different business services activities were launched in 1996/97.

These studies focus on computer and related activities, engineering consultancy, labour recruitment and provision of personnel, and cleaning services. They are organised as surveys; this means test surveys in participating Member States, mostly around five. Questionnaires were drawn up in close cooperation between participants, sectoral experts and Eurostat.

Basic structure of the four surveys is similar. Questions

concentrate on such things as structure of the sector, detail based on accounting, close monitoring of employment, turnover by various breakdowns (eg by product or client) or the international nature of the businesses. First results from all pilots were expected in second quarter 1998.

There are several key objectives: supporting implementation of Regulation 58/97; testing of classifications (in particular product classification CPA); and – the basic aim – creation of tested survey questionnaires.

A medium-term objective is using the results to build an extended statistical system on business services enter-

prises, with the aim of incorporating this into Regulation 58/97.

To limit the burden on businesses and achieve an acceptable balance between cost and benefit this statistical system has to offer considerable flexibility in the treatment of the various business services activities.

Experience and knowledge gained from the pilot studies must then be used as a key element in creating more detailed statistics on this diverse sector of economic activity. But we must keep in mind that to cope with such diversity, the statistics themselves will have to be diverse.



August Götzfried

Pilots pave the way

In the build-up of EU services statistics pilot studies already have a history. At the beginning of the nineties they were used to tackle the area of business, audio-visual and transport services and those provided by hotels and travel agencies.

In general, pilots have a twofold purpose. They can prepare the ground for regular and compulsory business statistics but at the same time collect preliminary data on a voluntary basis.

For some years pilot studies have been organised with a large number of participating countries on a rather lengthy timescale, often as surveys. Questionnaires have been drawn up for testing in the Member States involved.

For budgetary reasons, Eurostat has aimed to

reduce the number of participating countries in each case. This has a number of advantages: the process can be speeded up, smaller groups allow more flexibility, participating Member States are not over-burdened. Disadvantages are that non-participants need to be convinced to accept the outcome and sometimes the results may not be representative enough.

Also, pilot studies are now often carried out without surveying businesses. They seek to form a picture via official and non-official sources. This is less costly and burdensome. It also allows the assessment of the cost and benefit of particular statistics if adapted to harmonized EU requirements and installed on a regular and compulsory basis.

The priorities

Pilot studies enumerated in Council Regulation 58/97 can be broken down into various categories. In order of priority:

- ▶ Those dealing with particular activities not obliged to provide harmonized EU business statistics. These are education, health and social work and other community, social and personal services. There are also some activities in the financial services area.
- ▶ Second type deals with non-resident enterprises.
- ▶ Third category deals with specific variables to be investigated further, such as financial surpluses or cross-border turnover.

In most of these areas, the studies have already started; so more and more results will be coming in. These will enable the feasibility of

extending EU business statistics to be assessed.

In addition, a number of other studies are being organised that could lead to additional sector-specific statistics being incorporated into the basic Regulation. Run as enterprise surveys, these investigate business and telecommunication services and should lead to more detailed statistics in these areas.

Over the years, pilot studies have been an essential tool for preparing the ground for regular and compulsory EU business statistics. In the first wave these converged in the creation of the Regulation 58/97 on structural business statistics. The second wave – now underway – seeks to close the gaps. A third wave can be expected when the draft Regulation on short-term statistics is adopted by the Council.

Much is said about the information society. Can this modern phenomenon be measured by statistics? OLOF GÄRDIN, who works in this field in Eurostat unit D3 (Production, short-term business statistics, special sectors), reports.

We must GRASP the INTANGIBLE

There is a fundamental shortage of data enabling us to understand and analyse the emerging information society and the networked economy. We must be able to follow the development of such services in European markets. Information and communication technologies are key issues for European competitiveness and we need statistics to analyse how we are keeping up with global competition. The intangible economy is a more and more salient feature

of modern society. A key element is that it is based not on physical goods but on intangible products and assets. Such intangibles are produced by activities typical of the information society. Information and communications technology, as one of the main pillars, play a major role in production and dissemination of intangible products. Intangible assets are, for example, patents and trademarks. Know-how or simply information – for example, on

a market segment – would also be an intangible. Intangible products are very different from those of traditional manufacturing industry. An information product can be used by many at the same time at different places in a completely independent way. It is not consumed or worn by use. Its depreciation depends on other factors – for example, how up-to-date it is. This type of intangible asset is playing an increasingly important role in the economy and will have a big impact on the structure and competitiveness of enterprises. It will have repercussions on how products are manufactured and how work and the production process are organised, and thus will also affect people's lives.

Challenge for statisticians

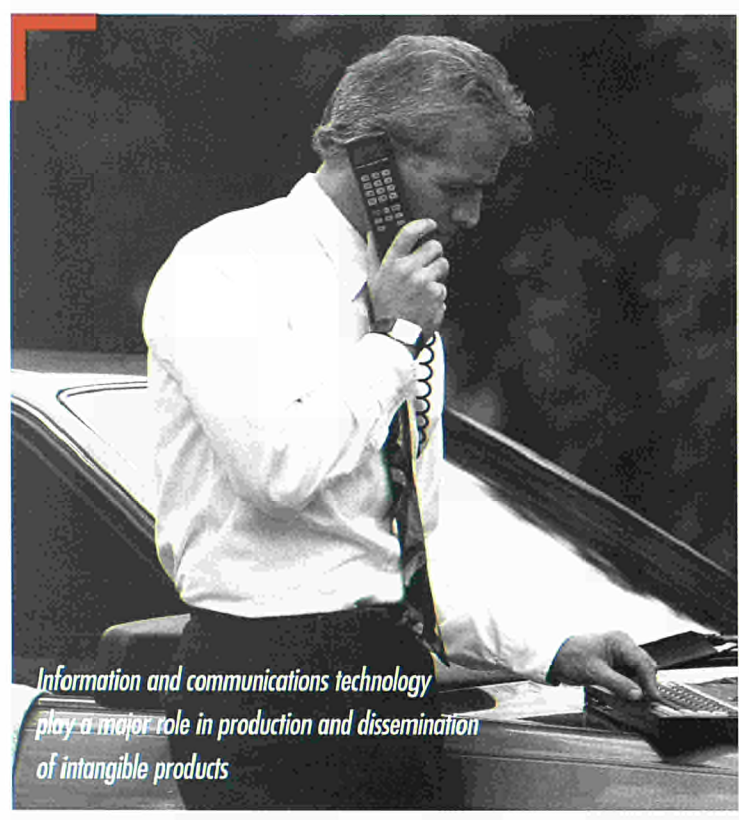
The challenge for statisticians stems from the fact that, to a large extent, there are only vague ideas on how to assess or put a value on intangibles. This is an issue that concerns company accountants just as much as those responsible for national accounts. The statistical techniques at our disposal, such as activity

Information and communication technologies (ICTs) are transforming dramatically many aspects of economic and social life, such as working methods and relations, the organisation of companies, the focus of training and education, and the way people communicate with each other. They are resulting in major gains in productivity in industry, and in the quality and performance of services. A new 'information society' is emerging, in which the management, quality and speed of information available are key factors for competitiveness: as an input to the industries as a whole and as a service provided to ultimate consumers, information and communication technologies influence the economy at all stages. *The White Paper Growth, competitiveness, employment: the challenges and the way forward into the 21st century.*

and product nomenclatures or registers and statistical units, are not yet fully adequate to investigate information phenomena or intangibles in general, because they have been forged to serve the national needs of a manufacturing-based economy. Economic statistics and, indeed, economic theory are still, to some extent, based on the concepts, definitions and theories of traditional agriculture and industry.

Existing economic statistics are basically supply or production oriented. For example, cars produced and sold are counted and the numbers make sense. Counting pieces of information that are produced doesn't make much sense.

The reason is that, despite many different types, the car's concept and function are well known. But the phrase 'piece of information' can mean any-



Information and communications technology play a major role in production and dissemination of intangible products

thing: one has to add details of the subject and use or application to give it any meaning.

Nevertheless, there has been a big effort in recent years to improve the definition and scope of intangibles – particularly the scope of information – and to study their impact on the economy as a whole.

Awareness of the needs, importance and challenges of statistics for the information society was appreciated early at Eurostat and specific action initiated. An important part of Eurostat's activities in this field has more or less directly related to this field – for example, statistics on audio-visual services (AUVIS), communication and information services (COINS) and business services.

Basic foundation

Telecommunications infrastructure is the basic foundation of the information society.

It is obvious that, for many analytical purposes, it is not enough to use data only on telecommunications and computer services. To formulate, monitor and evaluate policies, assess the market and make investment decisions etc, it is often necessary to put such services in a broader context – to take related industries into account.

The 'content industry' is a frequently-used term in this context. This industry is not well defined but there is general agreement on its elements. Audio-visual services are perhaps the most important.

To put statistical activities on the information society in step with EU policies they were

given a legal and administrative platform within the Statistical Framework Programme 1998-2002. This has a special communications theme that includes three modules – postal and telecommunications, audio-visual services and the information society.

Our resources limit what is possible. We have to be very careful in deciding priorities. But some conclusions can be drawn about the direction statistics for the information society should follow. Existing sta-

AUVIS

AUVIS is a statistical system developed by Eurostat and national statistical institutes to meet the growing need for comparable and harmonized data on the audio-visual sector. Technical, economic, political and legal changes in the sector in the last 10 to 15 years have made such knowledge even more essential - for example, to policy-makers and others involved in the economy at both national and EU levels.

COINS

By 1 January 1998 full liberalisation of telecommunications markets including voice telephony was implemented (with derogation for some countries). So Eurostat launched COINS to develop and implement a European statistical system on telecommunication services. This should provide basic data at European level. It should also constitute a common basis for describing, analysing and monitoring EU communication services. The COINS database comprises data from 1980 onwards.

tics on communication and information and audio-visual services can serve as a foundation for data collection.

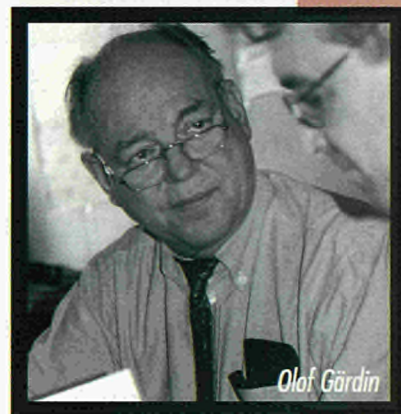
New ways of organising production and new relationships between enterprises and other organisations imply the need to improve our ability to describe enterprises and other units of production.

A growing part of output consists of production and manipulation of ideas and information rather than material products. This means that as output becomes less visible, it becomes less measurable. We need to develop definitions and nomenclatures for the results or products of the information society.

The information society requires different knowledge and skills from those of the industrial society. Human resources are an increasingly strategic factor in this new area.

In principle, new advanced communication technologies make it possible to locate such activities anywhere in the world. The spatial dimension – geographic location and concentration patterns – should receive more attention.

Telecommunications networks and other electronic communications will probably have a major impact on the totality of communication and transport systems. It is important to develop descriptions of communication patterns: the role of telecommunications in the total communications system, interaction with other forms of communication between people and of goods or messages, and availability of different types of communication technologies.



In general, statistics are supply- or production-oriented. In statistics for the information society, use and demand should be more in focus.

And, finally, sound methodology on information society statistics, compatible with those on service statistics as a whole, must be developed.

It will take time and effort to achieve a statistical system that produces adequate data for the information society. But it is a task from which we cannot shrink.

The Voorburg group plays a key role in the development of statistics on services. PATRICE ROUSSEL of INSEE is a member of its bureau. In this article he describes the group's work.

A GROUP committed to SERVICES

Patrice Roussel

(53) is an administrator at INSEE. Business statistics have marked his career since 1984. He has had responsibility for statistical studies at the Industry Ministry, for Prodcum, for management of the European economic group DEBA-GEIE, and, since 1995, for management of INSEE's tertiary activities department.



The Voorburg group is one of the first informal international groups of experts ever set up in the field of statistics.

It is named after the town where it first met in January 1987 – the location of CBS Netherlands.

The initiative came from Statistics Canada and the UN Statistical Office. They managed to convince a number of countries that their classifications and statistics in the services area were underdeveloped and that a remedy was needed. The services in question encompass the whole gamut of tertiary activities – distributive trade, transport, financial services and insurance.

In May 1986 – shortly before the group's first meeting – the Conference of the Directors-General of the National Statistical Institutes in the European Community (DGINS) in Palmela, Portugal, adopted a development programme

for statistics on services. It asked Eurostat to set up a specific unit within its Business Statistics Directorate.

Nine countries (Australia, Canada, Germany, France, UK, Japan, Netherlands, Sweden and USA) and three organisations (Eurostat, OECD and the UN) took part in the first Voorburg meeting.

They took as their point of departure that in the field of statistics:

- ▶ international classifications of products were virtually non-existent, or difficult to compile and update
- ▶ statistics that were available were not detailed enough
- ▶ volume indicators in the national accounts were not very representative
- ▶ price and quantity components were not properly dissociated from each other, and

- ▶ there were problems in measuring many services using standard statistical methods; and, particularly in the case of external trade, it was difficult to identify the share attributable to services.

Key topics discussed at the group's 11 meetings between 1987 and 1996 were:

New classifications for services

The group's main priority was drawing up a proposal for a specific section on services in the Central Product Classification (CPC). At the time, this nomenclature was the subject of discussions in New York and Luxembourg. As the group was set up with the basic aim of developing the services section, the UN recognised it as a competent partner for discussions on this matter.

Classifications, particularly CPC, have always been part of the agenda, but the group has gradually embraced other aspects to produce methodology suitably adapted to service sectors.

External trade & commercial presence

The group's second priority was almost as important as its first, linked, as it was, to negotiations under the

Uruguay Round. This was to identify services in the field of external trade, through definitions and classifications.

The group's deliberations were bolstered by contributions from balance of payments experts. The outcome was to stress the key role played by foreign subsidiaries of services enterprises – paving the way for studies of cross-border networks and greater awareness of globalisation.

Methodological difficulties in this field have been partly resolved. But solutions to data collection problems are still at the trial stage. A working group coordinated by Eurostat has agreed to look at possible collection methods for identifying and assessing the importance of foreign subsidiaries of enterprises in the service sectors. The new European Regulation on structural business statistics is now committed to continuing this research. The hope is to demonstrate that such data can be collected and that, as a result, the list of compulsory information stipulated by the Regulation be extended.

Calculating price of services

Another topic of great importance, which the group has examined more or less from the outset, is calculation of value-added and measurement of its development in real terms. Discussions started at a very early stage but progress has been slow. This is despite the shared conviction that substitutes generally used as deflators – particularly for business services – are too closely linked to variations in costs. The result is that mea-

surements of productivity trends in these sectors are clearly underestimated.

Each group meeting has seen presentation and discussion of new experiences in creating price indices in one country or other, particularly the USA, Australia, Canada, UK, the Netherlands, Sweden and France.

Such an accumulation of experience has made it possible gradually to compile an interesting reference list. This may assist countries in efforts to find methods of observing prices in the services sector.

Compilation of survey models

The group's meetings gradually have begun to devote a lot of time to sharing experiences in data collection in services and drawing up a list of methodological recommenda-

tions for statistics suited to these sectors.

Therefore, survey models gradually have been developed for exchanging information in specific sectors such as telecommunications, audiovisual, advertising, computer services, banking, insurance, rentals and medical services. In these, experience might have been gained from national initiatives or through Eurostat-run pilot surveys in the EU. The sectoral dimension to these experiences is the logical result of an exploratory approach that aims progressively to cover all service activities.

At more recent meetings, this sectoral orientation has been supplemented by more horizontal research into topics such as innovation and employment. While discussions on innovation have yet to progress beyond initial

exchanges on whether the concept is suitable for services, employment has become one of the group's key topics. This is reflected in the fact that, of nine half-days scheduled for each meeting, two were devoted to employment in 1996 with a further two in 1997.

Impact of services on the labour market justifies such special attention. This is all the more so given that in services the simple juxtaposition of salaried and non-salaried employees is not enough to account for rapid changes affecting the quality and structure of employment.

Having dealt with horizontal topics, the group is now examining cross-analyses. Instead of examining a sector in isolation to study its specific characteristics, the focus is now on all sectors in the same field of activity. These include

tourism or those involved at different stages in the same process, such as the audiovisual sector and, more ambitiously, the IT industry.

These new approaches are the logical extension of the group's work over the last 10 years. But they also reflect its constant concern to deal with issues that help to open up new prospects for development of statistical systems.

The information society and new techniques of information and communication have become a major subject of group debate because of the new services they generate and changes they bring about in enterprises and employment.

To observe such phenomena and development of services in general, the group now seeks a twin approach to the observation of supply and demand of services.



A higher profile

The Voorburg group has developed its activities in response to the need to open up statistical systems to include services within business statistics. Fortunately most NSIs represented have made good progress since 1987 – in step with the progress of services themselves, which have continued active penetration of national economies. Without needing to change its operational method, the group has raised its profile within the international community. The focus on services has gradually given way to less sectoral issues in the development of statistical systems.

The group's growing reputation is due to its long-standing practice of publishing minutes of its meetings, summaries of discussions and articles presented.

A collection of such records has been disseminated in English to all participants, NSIs and international organisations.

Eurostat has set up a database of all the minutes of the meetings. This is a useful addition to the large volume of methodological documentation that Eurostat is creating to back the new Regulation on structural business statistics. Whatever medium used, the Internet or CD-ROM, Eurostat's work will make it very easy to consult this vast source of information.

International comparisons

Unfortunately, this documentation is still unable to convey clearly everything of use for the international comparisons of structural statistics.

Different concepts used by different countries can be explained by the diversity of their systems and accounting practices. The group started to examine this problem in 1995, but there is much work still to be done. Not all countries have the same interest or the facilities.



Where now?

The group is preparing for its 13th meeting in Rome in September 1998.

It is difficult to predict the future. The group can be satisfied it has set the ball rolling: CPC is up and running; the new European Regulation on structural statistics covers enterprises in all sectors; OECD has promised to continue the work on price indices; and, above all, most OECD countries – as well as those in Latin America and Central and Eastern Europe – have been spurred into action.

But it must also be recognised that the topics discussed by the group are less and less restricted to services. This evolution is logical and in line with growing inter-penetration of goods and services.

For further information about the Voorburg group – on its latest meeting in Copenhagen and the next in Rome – please consult the home page of Statistics Denmark (<http://www.dst.dk>).

Constraints imposed by European accounting directives are not tight enough. And application thresholds unfortunately are too diverse to claim that the 15 Member States are a harmonious group in this respect.

Another topic much discussed by the group is administrative sources. Differences between countries in concepts used generally arise from their administrative systems. These shape corporate culture and determine an enterprise's capacity to respond to surveys. Thus France occupies the middle ground between the Nordic countries – which seem able virtually to dispense with surveys altogether because of their detailed and comprehensive registers – and Germany, where statisticians are unable to use administrative sources at all. For its part, Canada is pinning its hopes on rapid and positive developments in rules governing access to fiscal data.

In practice, this diversity restricts the application range of the survey models mentioned previously.

A LIGHT STRUCTURE

The Voorburg Group has a very light structure.

Its secretariat is run by the country hosting the latest meeting and a bureau links successive secretariats.

Currently the bureau has six members: Jacob Ryten (Canada) who chairs the meetings, Janice Mcmechan (Canada) Jan Van Laanen (Netherlands), Patrice Roussel (France), Peter Boegh-Nielsen (Denmark) and Fabiola Riccardini for next host country Italy.

Meetings average 30-40 people with an equivalent number of papers.

Those with the best attendance are Australia, Canada, France, UK, Netherlands, Sweden, USA, Eurostat and OECD. Germany has been absent only once.

Participants speak only for themselves even if sent by their NSIs.

Conclusions of meetings under no circumstances can be considered as recommendations to any specific countries. They are, at best, recommendations available to any country or organisation that wishes to take notice of them.

JOHN WRIGHT visited the Commission's DG XXIII to discuss tourism and statistics. He met PATRICK HENNESSY, Director, and LEONARDO SFORZA, administrator of the tourism unit.

Statistics and 'the invisible industry'

Tourism, says Leonardo Sforza, is not tangible like coal-mining. It is complex and fragile, involving a wide range of products and services – “often called ‘the invisible industry’ because its full impact is quite difficult to assess”.

It's also, adds Patrick Hennessy, not high enough up the political agenda for something of such economic potency and potential. Backed by Christos Papoutsis, EU Commissioner with responsibility for tourism, and with the help of Leonardo Sforza and colleagues of the tourism unit, he's determined to change this. Statistics a key weapons in their campaign.

First some background...

Explains **Hennessy**: “SMEs [see article on page 8] account for 99% of all tourist businesses. Tourism is one of the ‘lighter’ Community policy areas compared, say, to the Common Agricultural Policy or regional policies.

“It's a policy founded, firstly, on the fact that many decisions on tourism are taken at Member State or even regional level. So if policy-makers at all levels want to know what's

happening, statistics at these levels are very important.

“We call it a light regime because there's no direct heavy Community intervention in terms of money or legislation. But there is real action in favour of tourism through other Community policies. This is not flashed in red lights as ‘tourism’ and it may be part of a cohesion or competitiveness objective – structural funds, research, for example – but it does have a real impact on tourism. It might come as a surprise to learn that over the current programming period (1994-1999) well over 7000 MECU has been set aside in the structural funds for tourism-related actions.

“In tourism policy we focus on three things. Firstly, information has always been up front. We've had progressive development of the statistical system in tourism.

“Second is concerted action. This involves getting Member States working together to focus on common problems and best practice in resolving them – for example, employment initiatives and quality in tourism. Here again, information and dissemination are important.

“Third aspect of the policy is coordination. Again, this has



Irishman **Patrick Hennessy** (51) has spent most of his career in agricultural policy, moving to DGXXIII – and his new brief of enterprise policy – nearly two years ago. He was responsible for agriculture under Irish Commissioner MacSharry (1989-1992) and was involved in the last reform of the Common Agricultural Policy. He has been with the Commission for 10 years and previously was in the Irish Civil Service as an Agriculture Counsellor – in the Permanent Representation in Brussels and the Ministry of Agriculture in Dublin.



Italian **Leonardo Sforza** (38), after working in Bari in the private sector as legal adviser and for regional authorities as a teacher of postgraduate courses in the methodology of socio-economic research, moved to Luxembourg in 1988 as consultant on labour market policies for Eurostat. He went to Brussels in 1989 as director of research at a European Community policy centre. He has held his present tourism brief since 1991.

Tourism & balance of payments

When it comes to balance of payments, in 1995 Germans spent 38.8 billion ECU on tourism abroad, the UK 18.8 bn and France 12.5 bn.

Italy sold tourism services to foreigners worth 21 bn ECU, France 20.7 bn, Spain 19.4 bn, UK 14.4 bn, Germany 12.4 bn and Austria 11.2 bn. They are the six main tourist destinations in the EU.

Spain and Italy have strengthened their position as net exporters of tourism in recent years. Germany is the biggest net importer, followed by the Netherlands and Sweden. Belgium/Luxembourg, Finland, the UK and Denmark are the other Members States that spend more on tourism abroad than they earn from incoming tourists.

Eurostat news release, February 1997.

a statistical dimension – knowing the impact of various Community problems and programmes in tourism.

"So you see, in the operation of tourism policy at Community level, information and statistics and their dissemination are centre stage.

"We are quite convinced – as are informed commentators outside the Commission – that tourism, along with telecommunications and new technologies in general, is one of the key areas of development and employment for the next century. We make a constant attempt to get home this message.

"One difficulty of tourism, of course, is knowing where it

begins and ends. It comprises many different branches and is not easy to measure. Policy-makers need convincing of its potential – that it needs more attention than it receives in terms of political priorities.

"So accurate statistics are very important."

I ask: what sort of knowledge of the industry do you have at present?

"I think that we have basic knowledge of the main tourism branches – both supply and demand sides – from the Eurostat system. And we also have basic knowledge of the balance of payments in tourism receipts."

'Just think of soap'

Leonardo Sforza comes in here: "We are looking for full implementation of the Council Directive adopted in 1995 following good team work with Eurostat and the active involvement of all Member States. For the first time we might have harmonized and reliable statistics on tourist demand and supply. Traditionally, the European Statistical System has been stronger on the structure and

performance of tourism business, in particular accommodation. Now we hope to complete the picture with more data on tourist numbers, ages, professional status etc. We see some partial signs already, which are quite interesting but not complete."

Hennessy: "And we have been instrumental in helping Member States to put the Directive into place, spending 4.5 million ECU on direct support to give it a push. Traditionally, tourism hasn't been in the first line of Member State statistical priorities but with the growing recognition of the employment contribution of tourism – forecast to be one of the key areas for increased employment over the next decade – we believe that this attitude will change."

Sforza: "This confirms the importance we attach to improving information and to making policy-makers aware of the opportunities tourism can offer.

"As we've said, tourism is a complex issue – often called 'the invisible industry' because it's quite difficult to define its impact. It's not like coal-mining!

"It's perhaps the only industry that can be defined only in relation to demand. Everything sold to a tourist becomes a tourist service, and it's incredible to see the wide range of activities that people don't usually think of as tourist 'products'.

"Just think of soap – the soap industry had to adapt to produce a specific line of soap for hotels. Then there are all those special pots and packages for the catering industry. Then there's luggage, cameras, typical handicraft products...and hundreds of other examples.

"There are some economists who have tried to assess the influence of tourist-related activities on the economy and have arrived at quite impressive results. In many regions tourism is the driving force of economic, social and cultural life.

"One statistical consideration is the economy of scale that the European Commission can bring to collating data on this complex phenomenon for the benefit of all Member States. And it's also an area where the Community can show the added value of its actions by making available figures that everybody's look-



ing for, at limited cost and in the interests of all without reflecting a specific lobby interest. These figures might be for policy-makers involved in, say, deciding whether to invest in tourism instead of the chemical industry in a certain region – right through to the tourist trade, which has to know the evolution of the market in order to meet new demand."

So what, I want to know, are the figures currently available showing about the state of EU tourism?

Replies **Hennessy**: "They're showing continued growth of earnings and employment; but also that, although tourism is an expanding activity in the Community, in the expanding global market the Community is gradually losing its share."

A Minister smiled

"Tourism is not a phenomenon that concerns only some regions in Europe. Every season new destinations and tourist products for every European country are promoted on the market, enriching the attractiveness of the 'old continent' in all its diversity."

Remarkable rises

Some countries have had a 'remarkable' rise in tourism. In Italy in 1996, as in 1995, tourists nights were 5% up, mainly due to a 7.8% rise in non-resident nights. Resident guest nights rose by 3.2% after a slight fall the previous year. In Ireland, nights spent by non-residents went from 11.5 million in 1994 to 14 million in 1995.

Eurostat news release, February 1997.

Getting to know you

Nights spent by non-residents in EU Member States in all types of registered tourist accommodation rose by 3.5% in the two years 1994/95 to stand at over 720 million.

In 1995, nights spent by non-residents represented 39% of total 'tourist nights' in the EU. This confirms the growing importance of international tourist flows, mainly between European countries.

Eurostat news release, February 1997.

Sforza: "It's a steadily-growing but also fragile industry because there are many external factors that can directly influence its performance. There is a direct correlation, for instance, between exchange rate variations and the rise and fall of tourists to particular destinations."

"When news broke of the Greek devaluation of the drachma one Minister who must have been happy with this decision was the Minister responsible for tourism. And in those countries that have devalued in the past you can see an immediate improvement in international tourist flows."

"Now, for a country that will be part of the 'euro zone', this uncertainty, and its cost in relation to risk of changes in tourist transactions, will disappear and tourism enterprises will be more dependent on their own business performance. Moreover, all these countries, representing together the main tourist destination in the world, will have, with the introduction of the single currency, a new tool for promoting Europe as a tourist

destination, notably in third countries».

"The current internationalisation of tourist flows will be further encouraged by the full implementation of single market principles. On average, the majority of Europeans still go on holiday in their own country – even if the northern countries go more to another country than southern countries."

"It's interesting to note", adds **Sforza**, "that if you look at the 1994/96 EU trend, international tourism grew by about 3fi% while domestic tourism was up by 0.4%. So international tourism is growing faster than domestic tourism. That is why tourism can be a valuable means of European integration and it justifies once more why at Community level there is interest in action."

"Then there is the importance of employment. According to the Labour Force Survey there was a 10% rise in employment in the hotel and restaurants sector between 1993 and 1996, compared with a general rise of about 1.8%; once more, confirmation that there are important opportunities for combating unemployment through tourism."

"It's myth that only lowly-skilled workers are employed in tourism. It offers both a range of highly-skilled employment but also employment for people who might not otherwise get it."

Patrick Hennessy.

"Then, again, the balance of payments aspect: Eurostat

estimates that tourism and related services accounted for 481 billion ECU of exchanges in 1996. And 55% of general export services consist of travel and tourism. These are key figures that once again underline the potential."

I ask what sort of action the Community could take to stimulate tourism further...

Sforza again: "What we are looking for is not on-the-spot intervention that overrules or overlaps national policies or actions. We see a complementary role for the Community in facilitating the improvement of knowledge on the sector and the exchange of experience between Member States and between them and the industry. The environmental problems that can result from crazy exploita-

And so to beds...

Within the EU there were 178,417 hotels and similar establishments in 1995 and over 8.5 million bed-places. Italy, Germany, France, Spain and the United Kingdom account for 75% of bed-places. Italy leads with over 1.7 million; Germany is next with nearly 1.5 million.

Estimates for 1996 (for 10 Member States with 60% of establishments) indicate that the number of hotels and similar establishments rose by 2.6% following a 0.3% increase in 1995.

Eurostat observes that the number of bed-places is rising more than the number of establishments. This indicates an increase in the average size of establishments.

Eurostat news release, February 1997.



tion of some areas for tourism can be the same in Spain as they are in Greece or Italy. Many countries share the same interest in ensuring through tourism the means for safeguarding and making better known their natural and cultural heritage. But some countries might have experienced valuable solutions to such problems and can share them with their partners, using the platform the Commission puts in place.

"Then we must have better coordination of all Community instruments that now have an impact on tourism. In almost all Community programmes and policies you can find a dimension affecting tourism. This reflects the pervasive nature of tourism, which touches transport, spatial planning, technology, the

environment, consumer legislation, services liberalisation, whatever..."

'We need to keep up'

Things you'd like to measure but find difficult due to lack of statistics?

Sforza: "What we'd like to measure better and more quickly is the impact of tourist-related activities on the general economy and the performance of European tourism businesses in comparison to the situation in third countries. We need key basic indicators once a year or every six months that give us a precise idea of what's going on and how and where to intervene more effectively."

Adds **Hennessy:** "We would like to see more up-to-date sta-

tics. Many of those rolling off the system are for 1994 or 1995. But tourism is moving pretty rapidly and we need to keep pace."

I say that, despite all the obvious difficulties in producing harmonised EU-wide data quickly, their lack of timeliness is one of their main and most-frequently criticised drawbacks.

Hennessy: "It is; although with the type of industries we're dealing with, it is perhaps more serious not to have the latest statistics.

"The aim is to put tourism even further up the agenda in terms of Community policies and programmes. And we can only do that by being able professionally to assess the impact of

other policies on tourism and the way tourism can contribute to those policies - and for such an assessment we need good and timely statistics."

Why, I ask, isn't tourism higher up the EU political agenda?

Hennessy "I think there's a perception that it is something that develops of its own accord - something in which the public authorities don't intervene very much. 'Tourism will do all right anyway' - I think that's a feeling in many circles."

But you don't think that is necessarily the case?

"I don't think that without some attention it will develop

in the type of way that will guarantee sustainability. I think there will always be a certain level of public involvement, for example from the planning point-of-view and through concerns for the environment. I think also you've a very high level of public involvement in training. It would be a pity if there wasn't a serious investigation and focus on how you use resources for training in an industry that will employ a lot of people in the next century. You can't separate tourism development from the general business environment which, of course, is very much influenced by governments."

What about the negative impact of tourism and how you measure and manage these?

Sforza: "One area we've tried to develop in the framework of improving the methodology of tourist statistics is specific indicators for measuring the impact of tourist flows on the environment. And as soon as Eurostat has specific figures on this, we'll make best use of them."

"It's clear that there is increasing awareness of the importance of this topic and that it is high on the list of consumer interests. Generally speaking, surveys show 94% of people quite satisfied with their holidays, but when they have encountered problems these are usually in the state of the environment."

"In the framework of environmental policy, tourism is one of the five priority sectors identified by the Community for further action. But we are quite optimistic, because there is increasing awareness in the tourist industry of the need to

integrate the safeguarding of the environment with economic development.

"Many businesses, however, still see it in terms of a burden on their activity. One of our actions focuses on making businesses more aware of best practices that combine the protection of the natural and man-made environment with tourism development."

Old cotton mills & euros

Let's end, I say, by looking ahead to what statistics might be saying about tourist trends in the next century.

Leonardo Sforza first: "Generally speaking, economic analysts forecast growth of about 3% a year in the coming decades.

"Europe will continue to be the main area generating international tourist flows and will continue to be the main destination in the world. As emerging countries improve their standards of living, their citizens will increasingly be keen on visiting Europe."

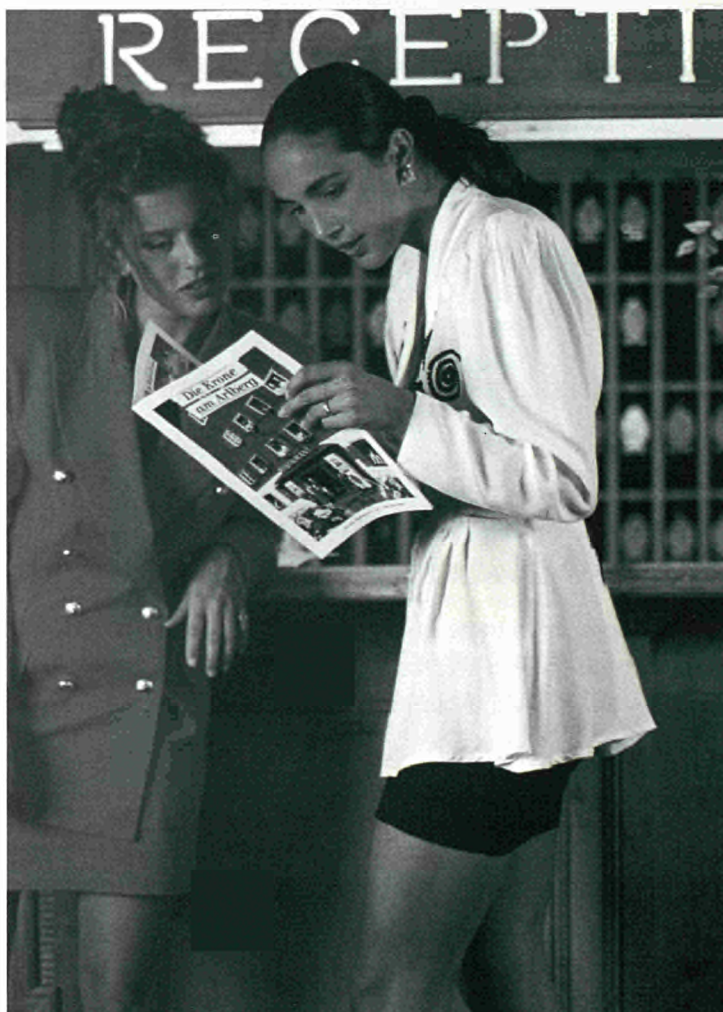
"Many EU candidate countries consider tourism a key factor of development and have registered a huge increase in visitors in parallel with the improvement of tourist accommodation and facilities. Some are cooperating successfully with Member States to develop their potential."

And **Patrick Hennessy:** "It's also evident that with improved transport, infrastructure, further liberalisation of

air travel and competition in transport, you're going to see people taking more and more holidays. At least 33% of Europeans take a second holiday, 11% a third. More are going off-season."

"There's also the emergence of urban tourist destinations – areas that traditionally people wouldn't dream of visiting. Old cotton mills are becoming a tourist attraction – objects of culture rather than sweaty exploitation. Growth in incomes and in numbers of retired people will increase the market even further."

And from **Sforza** a final point: "Introduction of the euro will also have a direct positive effect on tourist demand – saving people money when they travelling abroad."



STATISTICS VITAL

"Tourism is a completely demand-oriented activity. Without reliable and up-to-date market-oriented statistics, it's quite impossible to be in line with the needs of the market and the consumer. And another reason why statistics are so important in tourism – mainly for businesses – is that it is a market that evolves very quickly, more quickly than other sectors."

"Since we're heading more and more towards tailor-made tourist products the breakdown of the figures we shall require will be ever more detailed. The recent publication of the Community methodology on tourism statistics, another result of the fruitful partnership established with Eurostat and with statisticians from all European countries, should help to achieve this goal."

Leonardo Sforza.

After the Commission's DG XXIII view...a Eurostat perspective on tourism statistics. ANNIKA ÖSTERGREN talked to SOPHIA ERIKSSON, responsible for this area in Eurostat.

'Young STATISTICS with an exciting future'

Statistically, tourism is a relatively 'young' activity in Eurostat – but with an exciting future. There is increasing awareness that it contributes to EU growth and employment, but its identification is somewhat imprecise.

Tourism is not a sector found in NACE activity classification, as it involves several parts of the economy and to measure it accurately you need data from all these sectors.

"But it is the horizontal aspect of tourism that is inspiring", says **Sophia Eriksson**. "You see how parts of activities in different sectors link in different ways to tourism. To mention some: tourism is linked not only to hotels and restaurants but to statistics on transport, the environment, retail trade, balance of payments, prices and social and cultural activities."

And she continues:

"Imagine you are a tourist going to the Alps for a skiing trip. Say you drive there, stay at an hotel and eat lunch at the top station and dinner in a restaurant. Before you leave you send some postcards to friends and family and buy some souvenirs. You booked the trip through a travel agency



and before you left you bought new skiing clothes and exchanged some money.

"All these things should be measured to form a picture of how you as a tourist influence both the economy you are visiting and the one you are coming from.

"And it is this complexity that is challenging – but also one of the problems – with statistics on tourism", she adds.

Supply & demand

Data collection on tourism is based on a Directive adopted by the Council in November 1995. Activities on tourism

statistics in Eurostat today are therefore concentrated on implementing this legal act in the Member States.

The Directive's statistics are structured in two parts – the *supply* and the *demand* side of tourism. On the *supply* side there is first the pure 'demography' of tourist accommodation establishments. Data come from business registers and identify the capacity of hotels and similar establishments, camping sites, holiday dwellings and other collective accommodation establishments on a detailed regional level (NUTS III¹).

Regional data are important for planning and evaluating structural and regional policies. Consequently, there is cooperation with the Commission's DG XVI in this field. The new data on a regional level from the Directive will also be used to build tourism cartography (GISCO).

The second part of supply relates to guest flows in accommodation establishments, ie nights spent and arrivals, and use of beds. With this information you can calculate the length of stay and the occupancy of hotels in different seasons. The data on supply are collected on a monthly and annual basis.

On the *demand* side of tourism statistics you have variables describing tourist

behaviour and characteristics. These data are gathered usually through household surveys, which capture the volume of tourism, characteristics of trips, tourist profiles and spending – their age and sex, where they go, how much they spend and on what, how they get there and where they stay. There is a distinction made between short trips (1-3 overnight stays) and long trips (more than four nights spent), as well as between holiday and business trips. The statistics also have the potential to capture non-participation, which can be used to understand why people do not go on holiday. Data on demand are collected quarterly and annually.

Worth mentioning also is that household surveys to collect tourism data can be used as an alternative source of information for the travel item in the balance of payments, as recommended by the travel task force for data collection for stage III of Economic and Monetary Union.

The tourism industry, not surprisingly, is especially interested in statistics that describe the tourist. These enable them to obtain profiles of tourists and their needs, which can help them in planning their marketing strategies and adapting their products to demand.

However, it is with this part of the implementation of the Directive that Member States have had the greatest challenge. Demand data are gathered in surveys that are usually quite costly and many countries did not conduct this type of household survey before the adoption of the Directive. Therefore, a big effort will be needed by Member States in their implementation of this part of the Directive.

Other data collection on tourism concerns business statistics on hotels and restaurants and travel agencies. This is based on the Regulation on structural business statistics, adopted in December 1996, and on the draft Regulation on short-term business statistics. Main variables collected are, apart from demographic statistics, data on turnover, production value, value-added, investment and number of persons employed.

New methodology

In March this year the Community methodology on tourism statistics was published. It lays down concepts and basic definitions, giving guidelines for collection of data and how to record different aspects of tourism. The manual also contains basic definitions on tourism market segments, such as rural and regional aspects and cultural tourism, as well as statistics on tourism expenditure, employment and tourism and the environment.

This is, therefore, the basic tool for Member States in the production of harmonized and comparable statistics. The Community methodology is the result of several years' work with Member States, EFTA, international organisations such as the World Tourism Organisation (WTO) and OECD, tourism experts and professional associations, in the framework of working group and task force meetings.

The methodology is the result of an action programme in cooperation with the Commission's DG XXIII (Enterprise policy, distributive trades, tourism and cooperatives), which was outlined in a Council Decision in 1990 on a two-year tourism statistical programme. This

established the need to gather information on tourism and specified four main actions:

One was preparation of the Community methodology described above. Another was to carry out a thorough analysis and evaluation of main user needs. National and regional administrations, statistical offices, European institutions, professional associations, research institutes and international organisations, among others, were asked about the information at European level they needed on tourism. The result was agreement on certain priority indicators: on tourism supply and demand, such as structural and performance indicators of the former; on the micro- and macro-economic importance of tourism activities; on the identification of the impact of economic and environmental factors on tourism demand; and on the analysis of the structure of tourism demand, including business trips.

Third and fourth actions were to review and analyse existing data in national statistical institutes, ministries of tourism and private associations, and to start regular data collection, which was done in 1991. Since then, data collection has continued regularly and a database called TOUR stores all data received from Member States. Electronic data transmission and use of EDI techniques are becoming the regular practice for data transmission between Member States and Eurostat. TOUR contains a large amount of data with series starting from 1980, and is regularly updated in New Cronos.

Having completed the analysis of user requirements and existing data, work on tourism sta-

Just published: The Community methodology on tourism statistics

The Community methodology on tourism statistics was published in March this year. The methodology provides Member States with basic concepts and definitions of tourism, statistical units, classifications, variables and links with other statistics. Guidelines for data collection are also covered.

The publication is in three parts. Firstly, there is basic methodology on how to collect information on tourism demand and supply. Secondly, different tourism market segments are considered, such as rural tourism, regional aspects of tourism and cultural tourism. The third part deals with statistics related to tourism - tourism expenditure and balance of payments, tourism prices, costs and tariffs, employment and environmental aspects.

This is a day-by-day handbook for NSIs in collecting tourism statistics. It covers the data requested by the Directive and other areas where no legal act enforces data collection. By using common definitions, the statistics collected at European level become harmonized and comparable.

Several years of work by Eurostat, Member States, EFTA and international organisations have led to this work. It is now being introduced gradually in the 12 non-EU Mediterranean countries in the framework of the MEDTOUR programme, and will soon spread to CEECs.

CA-01-96-228-EN-C – currently available in English and the other official EU languages with Arabic in preparation.

tistics continued with the preparation of a legal act specifying the regular collection of a basic set of variables on tourism supply and demand. This work was done in close co-operation with DG XXIII, which since then has been the principal budget provider for tourism statistics activities in Eurostat. The Directive on tourism statistics was adopted in 1995, which further reinforced the European statistical system on tourism. DG XXIII provided financial assistance to the Member States in an initial phase to help them setting up and adapting their statistical systems in accordance with the Directive requirements.

"Today, we are implementing the Directive", says **Sophia Eriksson**, "and this means we shall be able for the first time to have harmonized and comparable statistics on tourism at European level. The SPC (Eurostat's Statistical Programme Committee) took a favourable decision in March this year on the definitions of the variables, the transmission tables and derogations asked for by Member States. This will be a great help in the implementation process and ensure the data are reliable and fully harmonized.

"Future challenges will be to start linking demand and supply side statistics in the Directive, including qualitative aspects of tourism, which can lead to a deep understanding of tourist behaviour, the tourism industry and the match between supply and demand."

International activities

As tourism is an international phenomenon, there are many international activities in tourism statistics. Eurostat participates regularly in the meetings and activities of other international organisations, such as OECD and WTO. This ensures European interests and perspectives are fully taken into account.

Eurostat, every two years, organises with OECD and a host EU country an international forum on tourism statistics. This gathers together national administrations, tourism experts, the tourism industry and others with an interest in the field to present and discuss methodological issues and exchange experiences and best practices. It acts as a link between users and providers of statistics. This year the forum

will take place in Copenhagen on 17-19 June and is attracting a lot of interest.

Other international co-operation takes place in the framework of the MEDSTAT programme, tourism being one of the first sectors to start implementing its work plan established for 1997-1999 (see article on page 51). A small project was also launched in 1996 with Central and Eastern European countries (CEECs), whereby a draft analysis of existing information on tourism statistics and first data collection have been carried out.

Questions to be answered

Says **Sophia Eriksson**: "The real problem with tourism statistics is that so far we can only cover parts of the whole phenomenon when trying to measure the economic importance of tourism."

Having the Directive on tourism statistics gives regular, comparable and harmonized information on a basic set of variables. But future work lies in defining the tourism sector and establishing the importance of tourism in the economy. Questions that need to be answered are, for example: *What impact does tourism have on GDP?* and *How many people are employed in the sector?*

The answer to the second question involves more than just counting the number of people employed in hotels and restaurants. Similarly, for the first question you need to know the impact of tourists on, for example, retail trade. Much retail activity is related to tourism, although the retail trade sector is not directly linked to tourism. The same goes for restaurants, transport, cultural, entertain-

Major publications:

The Community methodology on tourism statistics, CA-01-96-228-EN-C

Yearbook on tourism statistics (annual), CA-98-96-833-3A-C

Tourism in Europe – trends (annual), CA-86-94-230-EN-C

Tourism in Europe – Key figures (annual), CA-CJ-97-501-3A-C

Tourism in the Mediterranean countries – Key figures (annual), CA-CJ-96-503-3A-C

Short-term statistics on tourism (monthly), CA-CJ-98-002-3A-C

ment and sporting activities. But hotels and travel agencies are two of the few areas in most of the cases linked directly to tourism.

By developing tools for analysis that relate different sectors to tourism it would be possible to establish the impact of tourism on the economy.

And this is where the future lies. Since tourism is not a separate sector of the national accounts, WTO and OECD, in close co-operation with Eurostat, are working on establishing methodology for setting up satellite accounts on tourism. The result would be a picture of the role of tourism in total value-added, tourism employment, tourism investment etc.

For **Sophia Eriksson** and her colleagues the development of satellite accounts with European definitions and classifications, in the framework of the European System of National Accounts (ESA 95), is the next step for Eurostat and Member States. Basic harmonized data are gathered through the Directive, and, with the Community methodology on tourism statistics, the tools for analysis now exist.

◇ NUTS III: Nomenclature of Territorial Statistical Units



Community statistics began with the birth of the European Coal and Steel Community and first collection of coal and steel data in the 1950s. The iron and steel area now has a wealth of data; to both suppliers and users it is a system of proven worth. But in 2002 the ECSC Treaty will expire and with it the system's current legal basis. *Sigma's* ANNIKA ÖSTERGREN takes a look at the present, past and future of iron and steel statistics with the help of DOUGLAS KOSZEREK of Eurostat D3 (Production, short-term business statistics, special sectors).

Statistics STEEL themselves *FOR the* future

The European iron and steel statistical system is known for its wealth of information and speed of delivery. It enjoys special conditions that most other sectors do not.

It's based on a specific treaty – the European Coal and Steel Community Treaty (ECSC) – dating back to 1951. This means data collection is founded on an obligatory legal basis, permitting collection of statistics on all aspects of the industry's operation.

Another difference compared with most other statistical sectors is that Eurostat collects data itself. The ECSC Treaty gave the High Authority, which later was incorporated into the Commission, the right to collect data directly from steel enterprises.

Collection is in close cooperation with the industry. In practice, most data are collected from trade associations, but in some cases also directly from enterprises themselves. This is widely accepted – probably because the industry uses the data itself. Nearly all steel-makers are quite large organisations with advanced computer systems, so the cost of collection is outweighed by the benefits.

The ECSC Treaty has been in operation since 1952. It has led to a close working relationship between the industry and Eurostat, who work together on methodologies and definitions. These have been adjusted to changing technologies and circumstances with the aim of making the steel statistics of today respond to the needs

of both the Commission and the industry.

The monthly questionnaire on deliveries of steel products is one example. Definitions are drawn up with the help of the industry to arrive at the correct questions. "We have experience in the statistical aspects of the work", says **Douglas Koszerek**, "but we rely on industry advice to make sure our questionnaires remain relevant in the face of continuing technological evolution."

Initially the ECSC Treaty was seen as a way of creating a common market in coal and steel among the then six Member States – Belgium, France, Germany, Italy, Luxembourg and the Netherlands – and to secure peace. The aim was a free

market in steel products without custom duties, where country A could sell freely to country B.

The steel and coal industries had a key role in the national economies of the time and the common authority's role was to ensure the market was open and goods could move freely. To do this, it was required to provide forecasts and guidelines for the industry.

For these purposes Eurostat collected – and still does – statistics on labour, raw materials, iron and steel-making and iron and steel products; and works closely with the Commission's DGII, which collects data on production capacity and investment. The main Commission users are the Directorate-Generals dealing with indus-

The iron and steel industry employs around 300,000 people and accounts for 1.8% of manufacturing value-added. Employment has fallen by over 70% since 1974, but crude steel production in tonnes is down by only 16%, indicating a huge rise in productivity. Part of the decline in output is due to today's industry producing new steels with better strength-to-weight characteristics, and this has affected the tonnage consumed.

try, competition and social affairs.

30 questionnaires

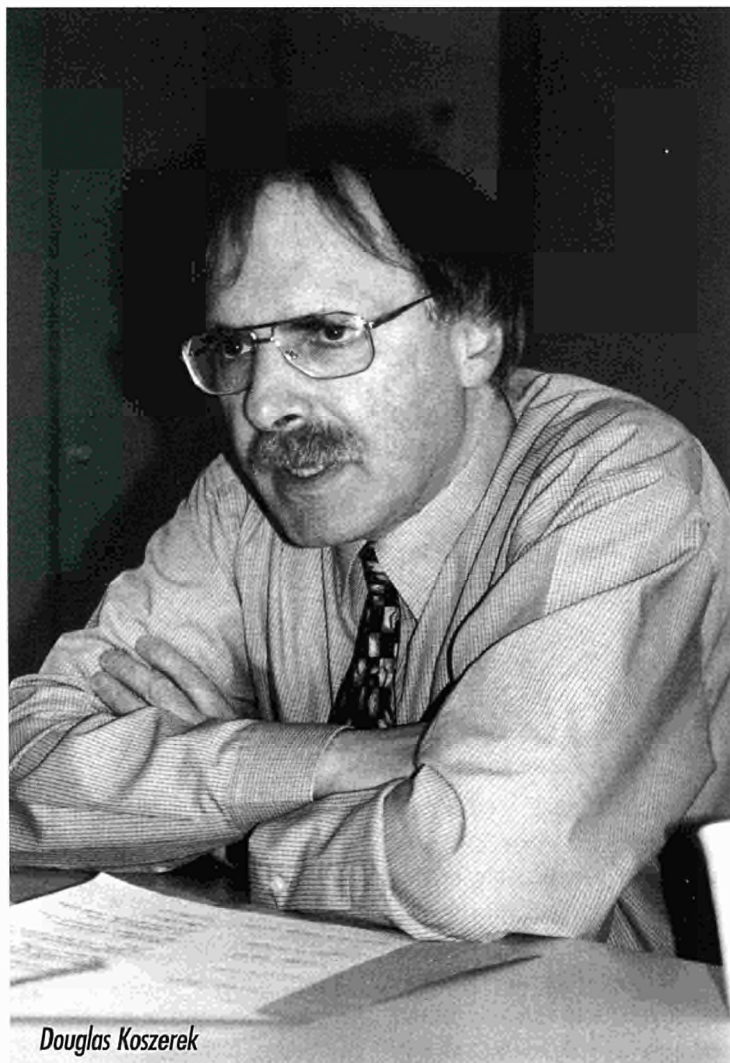
There are over 30 separate questionnaires, 17 of them monthly. They are returned by the industry, or in some cases by the national statistical institutes, in every Member State. There has been a big drive in the last 10 years to receive data by electronic data interchange, and this has lightened the processing burden considerably. But some still comes on paper so there is room for further progress.

All statistics available to the Commission on the industry are stored in a single database. "Our aim is to minimise the time between receiving a questionnaire and placing the information, properly validated, at the disposal of Commission users", says **Koszerek**.

The share of the industry in the economy, in terms of both employment and value-added, has shrunk considerably in the last 50 years. The Commission has said that when the Treaty expires, iron and steel will

be treated like any other basic industry.

A seminar on the future of European iron and steel statistics was held in December 1997 with participants from the Commission, government



Douglas Koszerek

ministries, NSIs, trade associations and the industry.

"This gave the opportunity to discuss with users how data might be collected in future", says **Koszerek**. "Most users, including the Commission, would like the collection of iron and steel statistics to continue in some form or other, though there are differences of opinion on how much data should be collected."

Different needs are behind these points-of-views. Very detailed short-term data are helpful to the industry, and up to now these have been collected thanks to the Treaty. But when it expires, the role of the Commission will diminish and data collection at Community level

Main iron and steel statistics publications

Iron and steel monthly
CA-BA-98-mmm-3A-C

Glossarium 1997
CA-BA-97-099-1F-C

Iron and steel, quarterly supplement
CA-BA-98-Sqq-3A-C

Iron and steel yearly statistics, 1997
CA-09-97-793-3A-C

Steel consumption by user branch, 1974-1994
CA-01-96-058-3A-C

will have to be justified in terms of current needs.

Some speakers at the seminar asked for the industry definition to be widened. The present definition in the Treaty (NACE 27.1) covers about 70% of what is today seen as the whole steel industry. Future collection could also include the other 30%. This includes the manufacturers of steel tubes and firms that undertake further processing of iron and steel. But this latter category is dominated by smaller firms.

"Whatever happens, we shall have to be aware of the potential burden on smaller enterprises", says **Koszerek**.

The current statistical system will continue to 2002 and up to then will be adapted to align itself with the new system. At present **Koszerek** and his team are drawing up proposals for a new system, and discussions about exactly what will happen when the Treaty expires will continue.

It's an open debate...

JOSÉ IGNACIO LÓPEZ GLEZ.-MESONES is Chairman of the Statistical Committee of Eurofer and Director of Information, Statistics and Economic Studies of UNESID, the Spanish Federation of Steel Enterprises. Here he gives the Eurofer view on the statistical needs of steel in an era of rapid change for the industry.

STEEL statistics in a state of flux

José Ignacio López Glez.-Mesones

studied engineering at the High School of Industrial Engineering in Madrid, where he graduated. He began his career in the Spanish shipbuilding industry. In 1970 he joined UNESID and assumed his present position as Director of Information, Statistics and Economic Studies in 1991. He is member of several national and international committees covering statistics and economic studies in such organisations as Eurofer, Eurostat, the International Iron and Steel Institute and the United Nations.

Data must give early indications of possible over-capacity that may disrupt the industry's balance. This will especially important – probably for a long time – in monitoring the restructuring process Central and Eastern European countries wishing to join the EU.

The steel industry is subject to strong fluctuations caused by the economic cycle. To detect and cope with imbalances between supply and demand, it must have quick and detailed data on all key areas.

Structural changes in the industry worldwide and market globalisation will continue. So adequate statistics will be vital to assess these changes and formulate the necessary policy response.

All these requirements have been confirmed by the ECSC Consultative Committee.

Prodcom, launched in 1993 to collect statistics from all Community sectors is much less developed than the ECSC system. It is a global indicator. Its frequency is annual. It does not allow detailed and timely analysis of a sector's activity or its markets.

Since enquiries foreseen by legislation are inadequate and the steel industry has precise information requirements, Eurofer is proposing the development of special arrangements for steel in the framework of the Treaty on European Union.

Link must continue

The fact that ECSC enquiries are statutory has been important in creating a harmonized European approach to meet the needs of all interested parties. Eurofer believes it is essential to transfer this statutory requirement to the future framework.

In some Member States, the information systems of steel producers' trade associations are based on Eurostat questionnaires. If the legal basis for such enquiries disappeared with no alternative, this would lead to a vacuum. In turn this would affect the national authorities who rely on the cooperation of the trade associations.

The direct link between the European Commission and the industry and its professional associations has ensured the quality and reliability of data collected.

Eurofer maintains that this link must be maintained and encouraged. It believes the producers' associations have a key role in collecting and processing data on behalf of government – a role with proven success in reducing the workload of both companies and the national authorities.

But the statistics of the future must not just meet the demands of EU and national authorities; they must also meet the needs of the steel producers themselves.

Nowadays, there is much insistence in various quarters on the necessity of reducing the administrative burden imposed on enterprises. It has to be remembered that an enterprise is not only a provider but also a user of information. And it will be willing to bear the burden of data collection if it can expect feedback that meets its needs.

Some more thoughts on the future...

Industrial and business realities should be taken into account when considering the statistical concept of steel used in EU harmonized statistics, as well as by interna-

Up to now the European Coal and Steel Community (ECSC) statistical system has been a very efficient way of collecting comprehensive, reliable and timely Community-wide data on the steel industry. It should be seen as an example for other sectors.

The environment for steel is changing rapidly, competition is growing. Those in the industry will have to rely more than ever on the promptness and quality of statistics if they are to retain the necessary flexibility.

VOICE OF STEEL

The European Confederation of Iron and Steel Industries (Eurofer) was founded in 1976. Members and associate members are steel companies and national steel federations throughout the EU and in Central and Eastern European countries (CEECs).

In 1996, 135 million tonnes of crude steel were produced by EU member companies of Eurofer. This represents about 92% of total EU steel production. The associate members, with 28 million tonnes of crude steel, represent 90% of CEEC steel production.

Eurofer objectives are cooperation among the national federations and companies in all matters contributing to development of the European steel industry, and representing the common interests of its members vis-à-vis third parties, notably European institutions and other international organisations.

tional bodies like the UN and OECD. Eurofer feels the steel industry no longer should be confined to the traditional ECSC definition. The definition should be wider.

Eurofer fully supports the view that the contents of pre-

sent ECSC enquiries should be rationalised but urges that simplicity and modernisation should be introduced selectively to preserve collection of essential data.

With this in mind, Eurofer members have conducted a

first analysis of the various statistical questionnaires and have identified possible changes. Although the outcome is still provisional, some messages have already emerged:

First is that commercial statistics are essential for a knowledge of the market and the monitoring of policy measures for the industry. Should the Intrastat system disappear, commercial questionnaires will be the only source of information on regional trade in the EU. And regional market segmentation is set to remain a reality.

Secondly, there is great interest in the industry in monthly enquiries – especially in the areas of production, orders and deliveries – to obtain timely information on possible changes in market trends. Quarterly or annual statistics are not a useful alternative.

Some cars made by those Camille Blum represents contain a little box of tricks 'limiting' their speed to around 240 km an hour. Not surprisingly he's somewhat fretful about the time it takes to obtain harmonized EU statistics on key issues affecting his industry. But, to be fair, he does understand the difficulties...

We meet at ACEA HQ in central Brussels, a city with more than its fair share of motor cars and the 'challenges' they create. I say challenges rather than problems because **Mr Blum's** advocacy makes me think twice about my prejudices, which is probably why he is where he is. More on that later...

I ask him for examples of the sort of statistics important to ACEA.

"External trade statistics are one of the main types. We can collect some data from our members about sales in other parts of the world, but usually they collect these in a way that is strictly in line with marketing needs, and they're not always prepared to share them among themselves.

"So Eurostat's external statistics are important to us – for example, to form a strategic view of the industry in overseas markets and prepare our position on international negotiations involving the European Commission or World Trade Organisation."

I ask if he's happy with data he gets from Eurostat on external trade.

"Yes, but the problem is always the same, and, I must

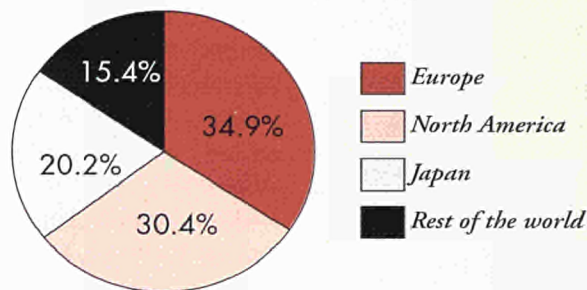


"We're looking for EU figures because we're an EU organisation." CAMILLE BLUM talking. He's Secretary-General of the European Automobile Manufacturers' Association (ACEA), the trade association that represents the interests of the 'giants' of the EU motor industry. *Sigma* wanted to know how such associations view official statistics. MR BLUM seemed an ideal person to tell us. JOHN WRIGHT reports.

Statistics *in the* fast lane

"The European automotive industry is a consistent, positive contributor to the EU external trade balance, accounting for 8.8% of total external exports in 1994." - ACEA brochure.

World-wide automobile production in 1995



say, very different from collecting data from our members: it's timing. This is probably the main challenge for the Community in this field, and in all statistics.

"Timing is crucial. For instance, for the press – and everybody else – we produce figures on car sales in the Community, based on registrations.

"We are now [it's 11 March] issuing these figures for February. This shows how quickly we move to obtain a clear 'vision' of the market. And this is why EU statistics are somewhat disappointing.

"Perhaps because of the nature of the EU it's not possible to do better. It's clear Eurostat can only move at the speed of Member States who

provide the data. If one or two are late then everything is delayed before you can get a European figure.

"Therefore we're trying to see if we could obtain trade data from just the main Member States – to have an idea of trends without waiting for everyone. There are always a few who can't meet the deadline."

How untimely are these data at the moment?

"For the EU as a whole, external trade figures appear six or seven months after the reference period. This can't give us the vision we need. Of course, we can make some assumptions. But what we do need are data that are well harmonized and can be related to those

from rest of the world, which the latest nomenclatures allow. These Eurostat data are an instrument of major importance. The problem is their timing needs to be in tune with the needs of our industry."

Very close to Eurostat

What, I ask, does Eurostat say when you put this to them?

Blum: "Eurostat has to accept responsibility although it doesn't necessarily lie there. It's the system. And if tomorrow we become a Community of 21 it might take two or three years before new members can contribute to the statistics. Some will be even later.

"Unfortunately, that's in the nature of the Community. But it's something public authorities must contemplate if they really want to respond to our needs.

"Another example is structural data. We as an industry need these but can't collect them ourselves. We need to understand our overall contribution to EU manufacturing industry – for example, to employment. Only Eurostat can tell us.

"The automotive industry stands for modern society all over the globe. It is to the 20th century what the Lancashire cotton mills were to the early 19th century." - Paul Drucker, academic and writer.

KEY MONITORING ROLE



ACEA is the professional body representing the interests and combined skills of 14 European car, truck and bus manufacturers at European level and worldwide. Its role has expanded with the advent of the single market, the approach of EMU, the growing impact of EU legislation and action on the motor industry, and economic globalisation.

A key ACEA objective is talking to the EU at all levels and with all others affected by the

motor industry, including the public. In its mission statement it says: "Because there is such strong interaction between what happens in industry and ... in society and the economy, this dialogue is an integral part of the industry's social responsibility."

Another role is "monitoring of all activities which influence the automobile industry, responding to and cooperating with the 'actors' involved". Which, of course, is why ACEA puts so much emphasis on statistics.

From textiles to driving seat



Belgian Camille Blum (59) began his career in banking and administration. In 1964 he joined the Coordination Committee of Textile Industries of the European Union (Comitextil) and in 1980 became Director-General.

He also became, in 1982, Secretary-General of the Textiles and Clothing Information Centre; and in 1994 Director-General of the

newly-formed Euratex (European Apparel and Textiles) organisation.

He has been ACEA Secretary-General since December 1995.

Mr Blum is also European Car Issue Manager in the TABD (Transatlantic Business Dialogue) and Chairman of the UNICE (Union of Industrial and Employers' Confederations of Europe) working party on market access.

"Here, too, there are figures that are very late. There has been a very good attempt to provide the industry with some early estimates. But such a system takes time to develop and unfortunately, for various reasons, it is not working the way it has in the past.

"These things are of real importance to any industry: the trends in your performance compared with other industries, the relationship between investment and employment, issues of value-added, and so on..."

How hard do you lobby Eurostat for improvements?

"We have a very close relationship. But we must accept that different economic sectors have different needs. We're not expecting the Commission to produce figures on car production. We do that ourselves. But in other industries there is a need for official figures in such areas, because the industries are too complex or diverse for trade associations to cope.

"So we are lobbying. We're also trying to convince

the Council to give more support to Eurostat. The problem is there are so many demands for data. The Commission has to strike a balance, so it doesn't always necessarily see our needs as the most important."

Self-sufficiency

Actually, **Blum** started our discussion with a rundown of ACEA's data needs. It's clear that in many respects the industry is highly self-sufficient.

ACEA

represents:

BMW, DAF, Fiat, Ford of Europe, General Motors Europe, MAN, Mercedes-Benz, Porsche, PSA Peugeot Citroën, Renault, Rolls-Royce, Scania, VW and Volvo.

"The big companies we represent already have a lot of statistics on their activities and on the market.

As they are in a very competitive area, statistics can give them a real edge.

"ACEA represents their interests in relations with public authorities. We also try to inform the public about the industry as seen globally. But we are not looking for detailed information, which, in any case, is available from our members.

"We don't represent all car manufacturers in the Community. For instance, the

Major engine

The motor industry is a major engine of the EU economy. Motor vehicles are the largest manufacturing sector with production valued at 220 billion ECU in 1994. Western Europe is the world's largest motor vehicle market and producer. And the industry is Europe's principle value-added contributing industry, generating about 8% from direct manufacturing alone. It is also the main industrial contributor to GDP.

Japanese, who also contribute to the EU economy, are not ACEA members. So if we want a clear view of the industry Community-wide we do need additional information that only public authorities can provide.

"It's also clear that the motor vehicle industry doesn't act in isolation. We have suppliers. They have suppliers. There are many other industries contributing to our development: sectors like textiles, steel, glass and so on.

We are always very keen to know more about these and, of course, we are not able systematically to collect the relevant data."

Blum goes on: "So you see, we really are supporting official statistics but more in the general framework than on our specific products.

"It could be different in other sectors. We have 14 members representing 85% of the industry's sales and value-added in the Community. Where I was before - textiles - you have thousands of companies. You really were obliged to receive most of your information from statistical offices."

Korean threat

So, I ask, what important trends are the trade data on the motor industry showing at present. Are you holding your own worldwide?

"Firstly, demand in Europe is better than foreseen. But that's not true, unfortunately, in other parts of the world. For example, in Asia, since the economic turmoil, demand is falling.

"So Europe is - for all our companies - still the main target but now even more important. What is critical is how

ACEA says up to 10 jobs in Europe depend on each motor industry job. In 1994 it was estimated that 1.6 million Europeans were employed in manufacturing motor vehicles and parts - 8% of all EU manufacturing employment.

competition is developing in Europe. The Japanese have a huge car industry but, for the time being, their market is rather weak. They have also lost out to the Koreans. So they are looking to South America. There we are very active. And they are also looking to Europe and the US.

"So we need to know what is going on – if the developments we see really are confirmed by the figures. It's also important to know exactly what we are losing in our export markets.

"The Koreans have been seen as our biggest threat – not only in Europe but worldwide. Again, knowledge is crucial.

"Our industry, like others, doesn't only need information *per se* but information that helps our members to understand what's going on and how the competition is changing; and the impact such things might have on their own market strategy."

Industry under siege?

You can't talk to a car man, can you, without asking about safety and pollution? So I do.

Blum says he is particular busy at present working on the industry's commitment to the Commission to reduce fuel consumption by 25% between 1995 and 2008.

"So we need credible figures to measure this. At present the figures collected, which are perfectly correct, give the fuel consumption stated when the car is sold. These are based on a specific test cycle and we are able to collect and

aggregate those figures to the type of cars we're selling.

"But we don't have figures on all the CO₂ being produced. Tests give an indication but this is really only a reference. Emissions will vary according to how the car is driven.

"So this is where the Community could help us with good statistics about CO₂. These data are also important for them, because, at the end of the day, if the Community is using data that are not relevant or incorrect it can lead to political mistakes – for example, in relation to the Kyoto Conference."

*I ask **Blum** if the industry sees itself under siege. Pressure seems to be mounting to cur-*

tail the car and the emissions and congestion it creates. Is some dramatic conclusion on the horizon?

"...the diesel engine, electronic ignition, fuel injection, ABS, air-bags and side-beam protection bars are specifically European innovations." – ACEA brochure.

"We are concerned about these problems. But, you know, it is clear that air quality is improving very rapidly, even if people's perception is that it's not. So it's perhaps a problem more of communication than reality. The standards the Europeans have to comply with are among the most severe in the world.

"In its CO₂ initiative the European motor industry is taking a world lead. No other industry has ever accepted a 25% reduction. So there is clearly a problem of perception of the industry.

But it is also clear, looking at car sales last year, that the man and woman in the street don't necessarily share politicians' concern about what they claim to be a major problem."

And on congestion, **Blum** argues that perhaps we need a "new vision". He explains: "Look at what users of the car are paying in taxes and so on and how that money is used. There are many possibilities to improve traffic flow in cities. But most measures taken so far are more to *reduce* than to *improve*."

Mobility not cars

"But those who buy cars want to be able to use them. It's a question of mobility and a challenge for those who govern us, and probably one that must be addressed in a different way in future.



"Now that it's clear the industry is responding to environmental concerns we expect the authorities to accept that, because people are still buying more and more cars, they also have some responsibilities. The industry can't solve the problem of congestion on its own. What we can do we are doing – new engines, less polluting engines, engines with less fuel consumption. But the rest is mainly in the hands of the authorities. And if they collect so much money from us perhaps they should also consider using it to reduce congestion, and not always blame the car industry."

Blum has to go. Urgent work on that 25% fuel consumption reduction calls. So one last question. What will the statistics of the mid-21st century show about our use of the motor car? Can it just go on growing?

Clearly this is a question that, in one form or another, he's well-versed in answering...

"Not necessarily growing. For example, if you have more cars in a family you actually reduce the number of kilometres driven. People still have a big attachment to their cars. It's too easy to say we should have public transport. We are not against this – we also represent those who make buses!

"But it's clear you have many needs that can never be satisfied by collective transport. One good example is that when children are on holiday there is no congestion in the city. Congestion is caused because mothers want to take children to school in a car – they consider it far safer and they can't rely on public transport. So it's a need. How can



public transport respond to that?

"So there are some fundamental needs that are not necessarily in the realms of luxury – needs of normal life, which will not disappear.

"The need is not cars; it is mobility.

"I don't believe the car is really challenged. Some of the people who make a lot of noise about it – well, most of them have very old cars, which are the most polluting. New ones no longer pollute.

"Governments are using pretexts to reduce car use that will cease to be valid, because the fundamentals on which they base their policy, such as pollution, will progressively disappear. They will find it more difficult to explain their objections to the car to the man and woman in the street.

"Like thousands of others, I would prefer to sit in an air-conditioned car in a traffic jam than travel on over-crowded public transport where my situation would be even worse.

"So it's really something politicians have to think about. There are now 65 million cars in the EU. Those in charge of the Community have to respond to the needs of those who drive them."

The force of his argument is still carrying me through all but the very worst traffic jam!

Trade-off

In Eurostat's business statistics directorate there is regular contact with European trade organisations whose aim is to represent, at EU level, companies of a specific sector. ACEA is a major example.

The associations make extensive use of Eurostat statistics relevant to their industry. They are a key element in discussions with the European Commission on the impact of policy decisions in their areas of interest.

Main databases they use are COMEXT and New Cronos (Linda, PRODCOM and Daise). The associations are consulted when Eurostat considers new legislation on PRODCOM, structural business statistics or short-term statistics.

Eurostat organises meetings twice yearly to tell them about latest developments in business statistics and to obtain feedback.

Problems they complain of include those of confidentiality, estimated data and – as Mr Blum makes clear – lack of timeliness. Eurostat and the Commission's DG III are building a network called FebiNet with the trade associations to intensify information exchange.

PRODCOM

produces *the* goods

A key part of business statistics are those measuring production. *Sigma's* STEFFEN SCHNEIDER talks to DORTE SCHMIDT-BROWN, responsible for Prodcum, Eurostat's production statistics project.

It is hard to imagine anything less engaging. On the table is a book with the prosaic title *Prodcum list 1998*. Closer inspection reveals a hefty tome of 425 pages – of tables.

Among these tables there's nearly every product of the consumer society – from toothbrushes to basketwork, flat glass to pacemakers, to name but a few; 5,700 different headings.

And suddenly it all seems more interesting. Giving free rein to imagination, I picture future generations examining this list alongside the corresponding annual statistics.

Would this not give a clear insight into human activity and customs at the end of the 20th century?

"Yes", admits **Dorte Schmidt-Brown**. But clearly she is more interested in hard facts than my flights of fancy...

Prodcum covers EU production statistics in mining, manufacturing and energy and water supply. It goes back to 1985 when the first meeting of the task force on production statistics was held. Its aim was to harmonize various methods Member States used to compile such statistics.

In 1988 they covered just 500 products and the main obstacle was lack of a legal basis. This legal basis was to come with the Council Regulation of 19 December 1991 on the establishment of a Community survey of industrial production.

From then on Member States were obliged to compile production statistics on the basis of a harmonized classification – the *Prodcum list*. In 1992 the first pilot survey was conducted in a few Member States. Since 1995 the survey has been running successfully in all 15 Member States plus Norway. It is also being closely followed by most East European countries.

Demanding users

Dorte Schmidt-Brown, a Dane, has been working on the project for three years.

"There was from the very outset a certain attraction and challenge involved in taking charge of a project that was really just starting to get off the ground in terms of data collection. Developing various links with other fields and establishing relations with industrial federations, NSIs and international organisations was part and parcel of daily working life.

"In some Member States no preparatory work whatsoever had been carried out when the Prodcum survey began in 1992. On top of that, some tens of thousands of enterpris-

es had to be instructed on how to complete the questionnaires. In addition, transfer of data had to be organised and stabilised, NSIs had to learn how to evaluate the data and



Dorte Schmidt-Brown

Eurostat itself had to find a way of producing a user-friendly multi-application statistical tool from this mass of data.

"All this", **Schmidt-Brown** continues, "because users are very demanding. They are usually looking for a very specific product and not prepared just to make do with something similar."

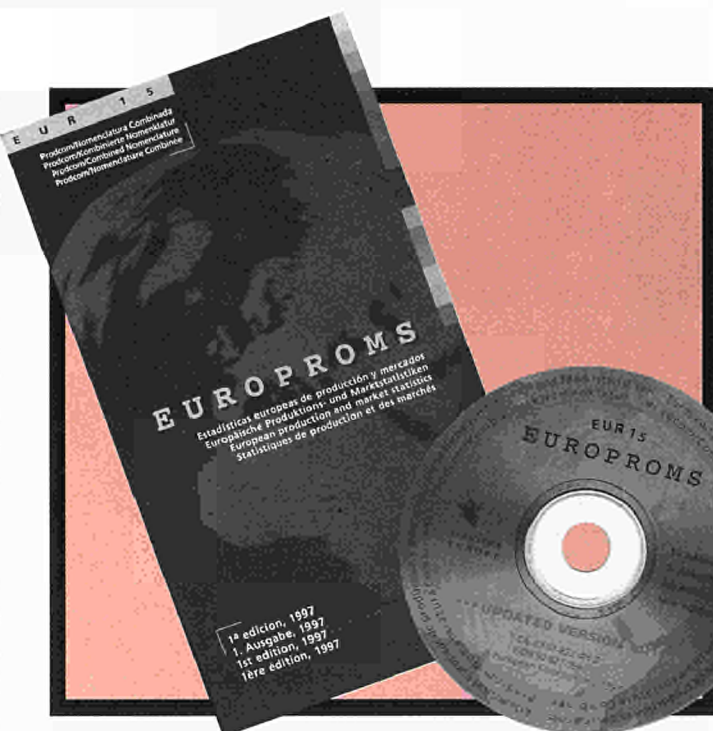
The CN is linked to the Prodcom list and so makes it possible to compare production statistics with external trade data. This goal was agreed at the outset by the three parties involved – Eurostat, NSIs and industrial federations.

However, as work on the project proceeded, the Prodcom committee reached the view that the CN was too detailed in some cases, but that in others there was too little detail to satisfy user needs fully. As a result, Prodcom is compiled using the CN as its basis but containing certain modifications set out in a list of approximately 5,700 headings published annually in November.

Schmidt-Brown again: "In some cases Prodcom is less detailed and we merge three or four CN headings into one Prodcom code. In other fields, such as the textiles sector, the production statistics had to be more precise than those used for external trade."

Europroms link

Allied to this is Europroms, the medium used to disseminate Prodcom statistics and correspondent trade data,



which are accessible on CD-ROM or via Eurostat's New Cronos database;

Europroms is where the connection is made between production and external trade using the Combined Nomenclature, the EU's external trade nomenclature. This means the user doesn't need to go through the tiresome process of looking in various different places for production and external trade data and then bring them together.

"We do this for the user", **Schmidt-Brown** adds. "This is an advantage for him or her and also ensures the data are comparable."

Europroms can also offer a fast general overview of associated sectors of industry and their products. Companies producing yarn, for example, may also be interested in developments in the market for outer garments.

NSIs could, of course, make the connection with external trade themselves. But in

some Member States up to 75% of data is classified confidential. As a result, rules were drawn up for transmission of confidential data to Eurostat, so that aggregate figures at least can be published in Europroms.

Alive & kicking

The *Prodcom list* is not fixed and immutable but updated annually by its committee. This is hardly surprising given that some products disappear from the market while others materialise. Proposals for amendments come from the industrial federations themselves or NSIs.

"Prodcom is extremely dynamic, a project alive and kicking", adds **Schmidt-Brown**. "Our statistics make it possible to track production trends in Europe closely. We can see where a product is manufactured, where it is consumed and the volume of consumption – its whole life cycle. We can also dispel myths.

"Which Member State, for example, do you think is the

largest producer of perfume?"

For the answer to this question we must wait until later this year when the 'first very good' Europroms CD-ROM comes on to the market.

Why the 'first' very good?

"The work is only now really taking off", says **Schmidt-Brown**. "We have built up a huge database with an annual volume of over 100 megabytes. This requires a lot of maintenance and processing, with new aggregates, new calculations, more quality control."

There is, of course, increasing emphasis on quality at Eurostat.

"For us", she adds, "this primarily means improving the reliability of the data and meeting deadlines more consistently. The Regulation stipulates that we receive the data six months after the reference period at the latest, a goal we are now edging towards. But we hope to be able to publish data for 1997 on CD-ROM at the end of this year.

"In addition, we are one of the pilot projects in Eurostat's Total Quality Initiative, where we form part of the rolling reviews module. It's a worthwhile undertaking as we are forced to think through and restructure our work programme. In my opinion, the main benefits lie in the thorough documentation of the whole process. The end result is that we shall always be able to hand a reliable working tool to any new colleagues."

In another foray among users of statistics in the European Commission in Brussels, JOHN WRIGHT talked to DG XII, which covers science, research and development. It produces a publication called the European Report on Science and Technology (S&T) Indicators, the second edition of which has just been published.

This report was prepared at the request of Commissioner Edith Cresson and results from collaboration between DG XII and Eurostat, with contributions from various other Commission services and around a dozen European research institutes. One of the key themes of the report centres on

■ ■ ■ UNDERSTANDING ■ ■ ■ 'the European paradox'

What is 'the European paradox'? What has it to do with statistics?

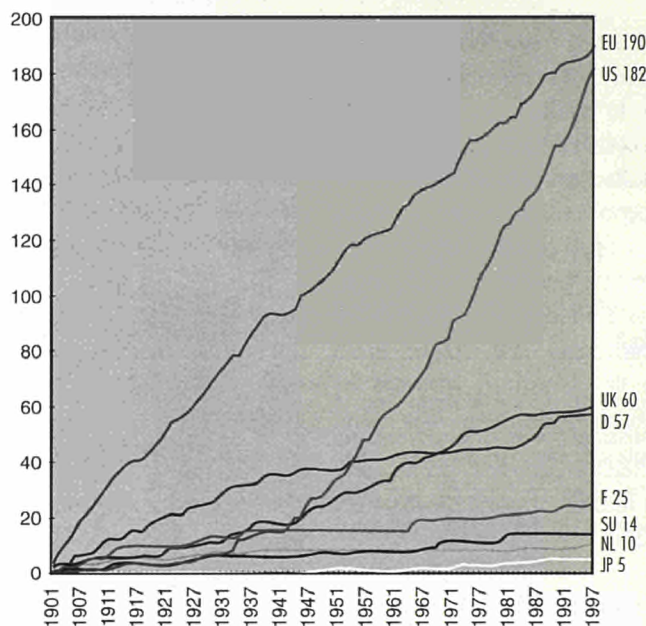
Brian Sloan, one of the DG XII-AS team responsible for the report and a specialist in S&T indicators, explains:

"It seems Europe is performing very well compared with our main competitors in the scientific area. You see this in numbers of Nobel Prizes or scientific publications. The problem appears to be that further downstream technological developments are not doing so well.

"We have difficulty converting our good science base into strong economic performance. In other words, Europe's economic performance is not proportional to its investment in R&D. That's the paradox. Reasons are undoubtedly very complex and one of our challenges is to try and unravel the links between science and technology and economic performance.

"Europe has well-qualified scientific experts, a high level of education in science and engineering and a substantial and growing share of world scientific publications."

Distribution of Nobel Prizes awarded by country from 1901 to 1997 in the three scientific disciplines (chemistry, physics and medicine) – cumulative total



Source: DG XII-AS-4: Foundation of Nobel Prizes
Second European Report on S&T Indicators, 1997

Europe's scientific excellence can be clearly seen in a fascinating little diagram that appears on page 108 of the statistically-rich *European Report on S&T Indicators*. It traces the history of Nobel Prizes awarded for chemistry, physics and medicine from 1901 to 1997. The 'score': EU – 190, USA – 182. Interesting to note that the UK has 60, Germany 57, France 25 and

the Netherlands 10. Japan notches up five, which, in view of its success in high-tech industries, is perhaps another twist to the paradox.

As **Sloan** points out: "The Japanese have been very good at the commercial exploitation of technology."

The other side of the paradox is illustrated in the preface to the

S&T Report by Edith Cresson, European Commissioner in charge of research, innovation, education, training and youth. It is "worrying", she says, that...

"...the EU's efforts in this field [S&T] are far below those of its competitors, in particular the USA. Europeans are not investing enough in those sectors which are the key to its future. Furthermore, its investment in science is not being adequately translated into industrial and commercial success."

"In recent years", continues **Sloan**, "European policy-makers have been increasing their efforts to address this paradox, both at EU and at national level. At European level one could mention, for example, the Innovation Action Plan and the proposal for the 5th Framework Programme for RTD, which envisages new measures for promoting knowledge, innovation and sustainable growth.

"Of course, European industry still has many areas of considerable strength. Europe is the world leader in the production of chemicals, and is still the largest producer of pharmaceuticals. In terms of developing patented technologies, the EU

Another paradox

"Moving closer to the marketplace, when high-tech trade is examined another paradox emerges. In spite of its very modest performance in technological output, the EU's exports of high-tech products are found to have grown rapidly during the 1990s.

"Perhaps surprisingly, it is in computer and electronics products (and notably integrated circuits) that the largest increases have been observed. This growth is also quite concentrated in terms of Member States, with much of the export rise being attributable to the Netherlands and UK.

"One of the hypotheses which might explain these somewhat unexpected trends is that of re-exportation, namely that foreign multi-nationals choose the EU as a home base for the assembly and re-exportation of their final product, possibly to Eastern Europe or some parts of central Asia. A second hypothesis is that of growing intra-firm trade, that is trade between firms belonging to the same multi-national group but located in different countries."

Second European Report on S&T Indicators.

performs strongly in the aerospace, chemicals, pharmaceuticals and motor vehicles sectors, while in key technology fields, Europe is in top position in environmental and transport technologies and in those relating to materials and industrial processes. The challenge is to

build upon these strengths and on Europe's solid science base, by investing in S&T to prepare for the economy of tomorrow."

All this underlines the importance of DGXII's work in trying to make sense of the complex relationship between scientific endeavour and economic success – and the rationale behind their *European Report on S&T Indicators*.

Put colourfully, **Sloan** and his colleagues are 'detectives' in pursuit of the missing links that could help to explain the European paradox. Statistics are a key weapon in their armoury.

"Statistics are vital", says **Sloan**. "It's practically impossible to make any meaningful analysis of such issues without detailed and accurate data."

Missing links

So what are these missing links?

"Increasingly the bottom line is assessing the economic impact of R&D investment, particularly the impact of public investment in S&T.

"Access to S&T information is become increasingly important for policy-makers in the global competitive economy. New technologies now occupy a dominant position in the advanced economies and in the strategies of enterprises. The relationship between S&T and economic growth is indisputable. Investment in S&T is a critical area for preparing Europe's future.

"It would be particularly useful if we could link data at enterprise level, which, at the moment, is quite difficult. If you look at a lot of econometric

analysis relating R&D activity to the economic performance of enterprises, it's being done at the micro-economic level of the enterprise itself. To do this you need a range of indicators for each enterprise – for example, R&D expenditure, R&D personnel, numbers of patents, numbers of publications etc. The development of comprehensive and comparable statistics of this sort would be a major step forward.

"Another 'black hole' at present is R&D in services. The service sector is expanding at a spectacular speed. And yet, typically, the R&D indicators available at the moment tend to focus on manufacturing. Services are probably a more difficult area in which to develop statistics – it's not quite so easy to define and to pinpoint R&D in services. But there is methodological work going on

and this is certainly important for the future.

Effect on jobs

"Another important issue, which is not easy to get at, is the effect of R&D on employment. For us it's not just a matter of individual statistics but again also being able to link them.

"This is a theme running through our report. We are not looking at R&D in isolation but trying to see what happens when you undertake R&D – the technologies that emerge...how these are developed into commercial products...how we perform in selling these products ...how does that increase our market share...how does that have an impact on employment?

"One of the sections of the report, which looks at this issue



DG XII offices in Square de Meeûs, Brussels

of S&T and innovation at enterprise level, shows that EU multinationals have been shedding jobs faster than the sectoral average, unlike their US counterparts who are now creating employment. It is also clear that SMEs play a crucial role in job creation, which is reflected in the number of measures being developed to encourage innovation in such enterprises. Here one can cite EU initiatives such as the strong SME participation in the 4th Framework Programme for RTD, and the specific programme for innovation and participation of SMEs proposed for the 5th Framework Programme.

"It is often as complex to interpret and exploit statistics properly as it is to produce them. The problem is sometimes you can make too simple a link. You might say 'This country increased its R&D and therefore increased its market share in this or that area'. It *could* be due to fact that they've been investing more heavily in R&D, but clearly it *could* be due to many other factors. It could be the general economic cycle. Or not just R&D but the way they exploit R&D. It could be organisational.

EU NEEDS TO INVEST MORE IN S&T

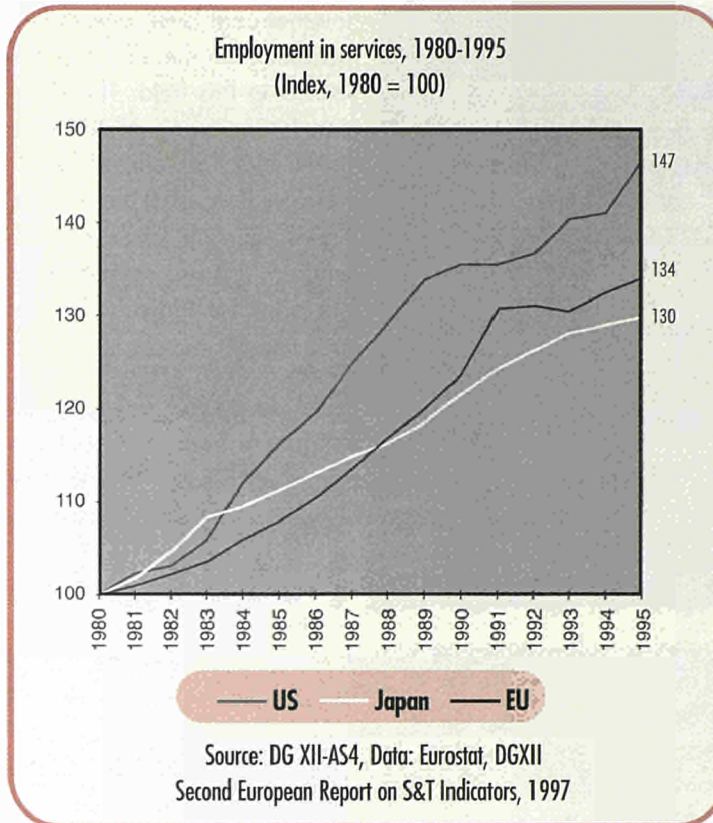
"In 1996 the intensity of R&D expenditure of EU15 in relation to its GDP was 1.8%, compared with 2.7% for the Developed Asian Economies (DAE), 2.2% for NAFTA and 2.1% for EFTA.

"The EU also devotes a much lower proportion of its GDP to R&D than the US (2.5%), Japan (2.8%), and the average for South Korea, Singapore and Taiwan (2.3%)

"Between 1990 and 1996, the US spent 277 billion ECU (PPS 1990) more than the 15 Member States...

"The inadequacy of the R&D expenditure of the EU can be seen clearly in per capita terms, with the EU spending 271 ECU (PPS) per head in 1995, while NAFTA spent 396 ECU (PPS) and DAE 406 ECU (PPS)."

Second European Report on S&T Indicators.



"The Japanese are very good in their organisational structures and perhaps there are things to learn here – not just from the amount you invest in R&D but also the way you exploit it and how it's organised within the enterprise.

"Increasingly, we see new systems emerging. R&D isn't part of a linear process where you have R&D, then technological

developments, then production and commercialisation of the product. Now you see organisations where those things are interrelated, where departments have merged or are in close contact with each other, so there is feedback all the time. You can have a product that reaches a certain stage and you go back to the scientist and say 'We want to change it here, improve it there...'

"Another key factor is a country's scientific infrastructure in terms of the sort of universities they have, the way scientists and engineers are trained, their competence. Then there are the public research laboratories – what they are, where they are; the regionalisation of science within a country. Public support to science and technology may also vary from country to country in its level and in the mechanisms employed. All these things are quite specific to particular countries. And they explain why one country

The take-off of the service sector. An example of the S&T Report's at-a-glance presentation of data. But services are a 'black hole' in terms of R&D statistics.

might be able to exploit scientific developments better than another.

"An example is the interaction between universities and industry. There are many scientific advances in universities that can be exploited by industry, but only if there is an interaction between the two. And that depends on what we might call the S&T infrastructure of a country. However, the report does find signs of growing convergence of R&D systems within Europe.

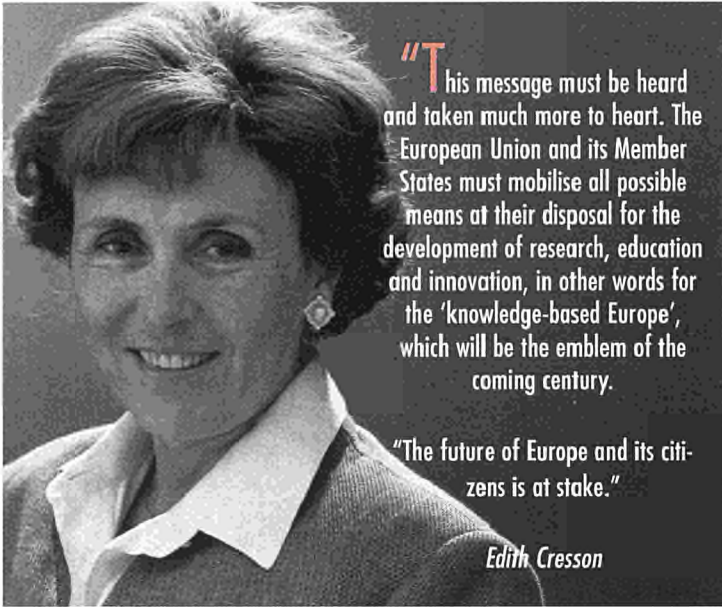
"All these factors make the picture less clear and once again underline the need for good data and the ability to link it."

'Terrific job'

So many statistics. Where, I ask, do they all come from?

Sloan: "The vast majority of data in the report come directly or indirectly from Eurostat, which was also responsible for producing the comprehensive statistical annex. Obviously, given we're trying to bridge S&T and economic performance, we need to collect a lot of general macro-economic and sectoral statistics and the best EU data at that level are available from Eurostat.

"Similarly, with the R&D data, Eurostat collects many of these variables at Member State level and for the main EU partners, too. We use other sources as well, notably OECD and UNESCO, although Eurostat does all the collection and



"This message must be heard and taken much more to heart. The European Union and its Member States must mobilise all possible means at their disposal for the development of research, education and innovation, in other words for the 'knowledge-based Europe', which will be the emblem of the coming century.

"The future of Europe and its citizens is at stake."

Edith Cresson

international level, one should also mention the efforts of the OECD in this field. The situation is improving all the time in terms of harmonized detail. As a union of 15 Member States, Europe faces a challenge in this respect that does not arise for individual countries like US and Japan."

How do **Sloan** and his colleagues present such a huge range of diverse data in the report so that it's digestible?

"Clearly, we have a range of audiences. There are high-level policy-makers who like clear, simple pictures of what's going on and very concise messages. So some graphics and analyses are fairly straightforward to give a very quick picture of trends. We also have certain people with a more analytical background – from universities, policy institutes etc. So we produce a number of things you might call econometric.

"I think there's always the potential to improve our analyses, and that comes back to the data available."

POLICY-MAKERS' 'BIBLE'



The *Second European Report on S&T Indicators* was recently published by DGX11. It's nearly 800 pages, and costs 60 ECU. It comes with a separate statistical appendix and (naturally, these days!) a CD-ROM. The report will be published in due course in French and German, a pocket-sized book of key figures will appear, too, and an Internet version is also planned.

"Up to now there hasn't really been a single publication that combines all this information and analysis at European level", says Sloan. "We see R&D policy-makers as the main users – in Member States and their R&D Ministries, people involved in higher education, obviously services of the Commission, and so on..."

For further details contact Brian Sloan (tel +32-2-296.0482, fax +32-2-296.2840, e-mail: brian.sloan@dg12.cec.be)

To order the report contact: the Office for Official Publications of the European Communities – Sales Office, Luxembourg (fax: +352-29.29.42.759)

harmonization for us. Some data, such as those on patents, publications and technology alliances, were provided to us by contractors. The report covers the 50 most industrialised economies so clearly you can't rely on just one source."

How good are the statistics?

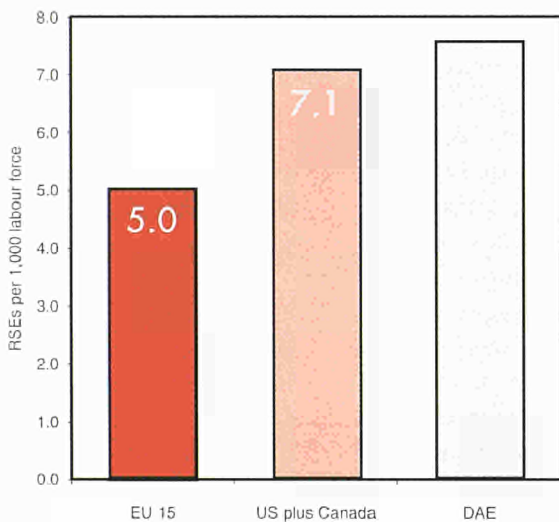
"They vary a lot. Certain data are very accurate in comparative terms, some less so. If you're looking at alliances in S&T between enterprises, these data tend to be collected on an *ad hoc* basis and

are fairly 'soft'. That's one end of the spectrum. The other end is R&D expenditure, which is reasonably well recorded. In between depends on the level of breakdown.

"The more detailed the data the less reliable they are – it's the classic problem of statistics. This can be a problem if you want to analyse something at the very detailed sectoral level.

"If one is analysing data at European level, it is important to have harmonization. I think Eurostat has done a terrific job here for the EU. At the

Research scientists and engineers per thousand labour force, main blocs, 1995 estimates



EU firms must create more S&T jobs

"A major weakness for the EU emerges if one examines the numbers of researchers and engineers in the enterprise sector. European firms employ only around 397,000 researchers to carry out their R&D activities, compared with 758,000 employed in US companies, and 384,000 in Japanese firms.

"The extent to which Europe is lagging behind can be seen more clearly when one considers enterprise researchers in relation to the total population of each economy: the EU has 1.1 enterprise researchers per 1,000 population, compared with 2.8 in the US and 3.1 in Japan."

Source: DG XII-AS4, IES, Data: Eurostat/OECD/UNESCO/national sources
Second European Report on S&T Indicators, 1997

When the Treaty of Rome came into force on 25 March 1957 a new era began for official statistics in Europe.

Eurostat was founded in 1959. At first its work was limited to collecting data from national statistical institutes. But by the sixties efforts were already underway to harmonize individual statistics in agriculture and external trade.

As harmonization proceeded at supra-national level, border areas within Europe became increasingly interested in cooperation. A need arose for comparable statistical data on neighbouring regions. There was a sharp increase in the number of trans-border regions, large regions, Euro-regions and 'Euregios'. In Germany alone there are currently some 20 examples of Euro-region statistical cooperation schemes.

The Land statistical offices in such areas have been involved in these cooperation projects from a very early stage. Work focuses on screening available material and filtering out duplication. This is often hampered by differences in statistical definitions and calculation, political and administrative factors and the size and administrative structures of the areas concerned.

European convergence is not just at national level. Indeed, it depends very much on what happens lower down. Here JOCHEN GEBAUER of the Rhineland-Palatinate Regional Statistical Office reports on trans-border cooperation between statistical offices in the Upper Rhine Euro-region.

Good statistical NEIGHBOURS

One such cooperation region is the Upper Rhine Euro-region, the Franco-German-Swiss transborder region between the Jura, Vosges, Black Forest and Pfälzer Wald. This region comprises the Südpfalz portion of Rhineland-Palatinate (the districts of the Südliche Weinstraße and Germersheim, the town of Landau, the communes of Dahner Felsenland and Hauenstein), the Baden-Württemberg regions of Middle and Southern Upper Rhine and the districts of Lörrach and Waldshut, the French region of Alsace and the Swiss cantons of Basel-Stadt, Basel-Landschaft and parts of Aargau and Solothurn cantons.

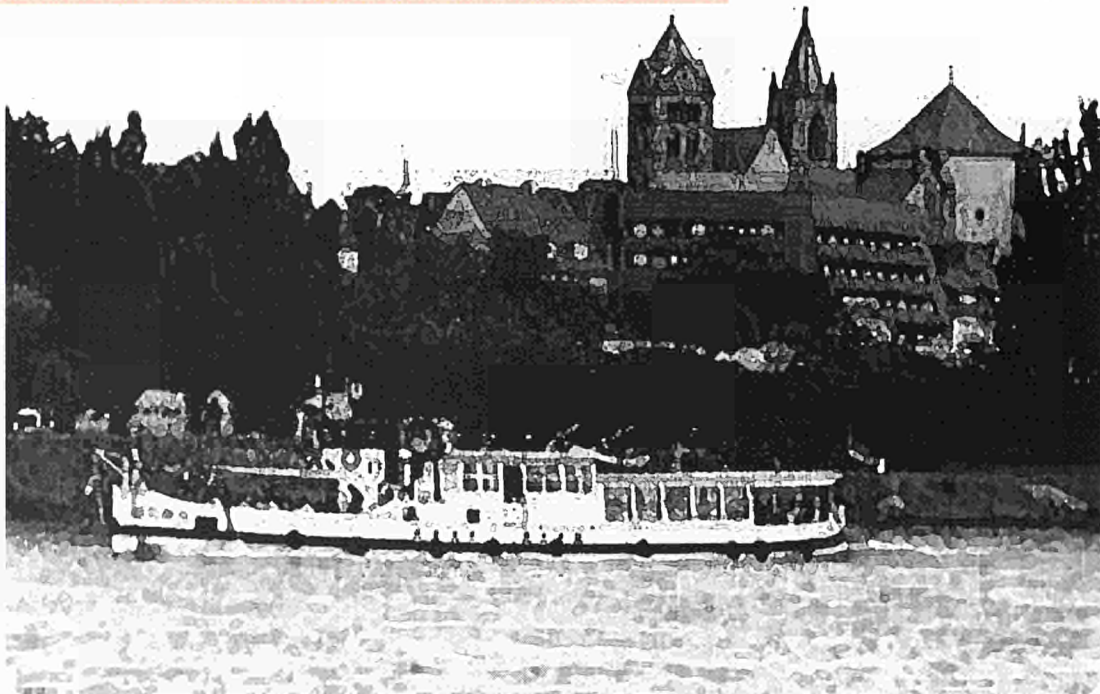
Over 20 years' cooperation

The Upper Rhine Euro-region has a long history of trans-border cooperation. An agreement signed on 22 October 1975 by the governments of France, Germany and Switzerland gave it an institutional framework. It led to creation of a three-nation government commission to examine and solve common problems in the border areas at regional level, and to establishment of the Franco-German-Swiss Upper Rhine Conference.

The work of these institutions has to be based on data and



The Upper Rhine statistics working party in Scheibenhard on the German-French border. From left to right: Johann Christoffel (Basel-Landschaft), Pierette Briant (Alsace), Luciano Lippmann (Basel-Stadt), Erich Kerler (Baden-Württemberg), Marie-Laure Kayali (Alsace) and Jochen Gebauer (Rhineland-Palatinate)



The Upper-Rhine – 1997 statistical data brochure was produced by the Euro-region statistical offices to mark the sixth Three-Nation Upper Rhine Congress in 1997. It is available from the statistical offices.

facts. The Upper Rhine statistical offices – the Land statistical offices of Rhineland-Palatinate and Baden-Württemberg, INSEE (Alsace regional directorate), and the statistical offices of Basel-Stadt and Basel-Landschaft cantons – acknowledged this by setting up the Upper Rhine statistics working party.

Since the early seventies this group has produced a series of joint publications. The first two-language brochure, *Strukturdaten des Gebiets am Oberrhein* (structural data on the Upper Rhine region), was

published by participating statistical offices in May 1976. It contains 53 sets of key data at district level and an additional 21 sets on all municipalities in the Upper Rhine region.

For the fourth Upper Rhine congress on industry in December 1992 in Karlsruhe, the working party produced two publications – a statistical yearbook (*Industry and society in the Upper Rhine*) and a leaflet (*Upper Rhine – at the heart of Europe*).

To mark the sixth Three-Nation Congress, devoted to crafts

and trade in the Upper Rhine, on 13-14 November 1997 in Basle, the statistical offices produced a brochure* (*Upper Rhine – 1997 Statistical Data*) with updated key data. In addition to a description of the Euro-region, it contains tables with around 100 sets of data on the sub-regions and on the Euro-region as a whole, as well as a special section on Upper Rhine crafts and trade.

* Available from the Rhineland-Palatinate Land Statistical Office, D-56128 Bad Ems, and from other participating statistical offices.



Same but different

The four areas of the Upper Rhine Euro-region are quite different geographically, demographically and economically. Almost half its inhabitants live in Baden and over a third in Alsace. As these areas account for similar portions of the region's total land area, Baden has a much higher population density.

But the highest population density is in north-west Switzerland. This has 5.2% of the region's total area but

11.2% of its population. The southern Palatinate, by contrast, is most evenly balanced, both geographically and demographically (8% and 6.1% respectively). Its population density is comparable to Alsace.

Of Upper Rhine inhabitants, 49.5% are German, 32.9% French and 11% Swiss. Six per cent of the population of the sub-regions are foreigners, 40% EU citizens. Migration between the four sub-regions is negligible.

Economically, north-west Switzerland is the most prosperous.

Although the four sub-regions are dissimilar in many ways, they do have things in common. They are heavily urbanised – a quarter of the total population lives in the six largest urban centres. They have a good transport network. And they have a high standard of living and enviable quality of life.

The link created between EU and Mediterranean countries on, among other things, tourism, is now finding statistical expression. This article examines a new era of cooperation involving tourism statisticians in EU 15 and Med 12. Authors are JOSÉ L CERVERA, Director of International Relations at INE, the Spanish NSI, and SOPHIA ERIKSSON, in charge of Eurostat tourism statistics.

Medtour takes OFF

MILLIONS OF EU TOURISTS CROSS MEDITERRANEAN - big growth in the 1990s.

This was the headline of a Eurostat news release in November 1996.

Tourism statistics have been high on the agenda from the very start of the current Euro-Mediterranean cooperation initiative.

The Valencia seminar organised by Eurostat and INE, the Spanish NSI, in December 1995 saw the launch of statistical cooperation on tourism between the EU and the Mediterranean 12 (listed below). This was reinforced by the Council resolution on Euro-Mediterranean cooperation on tourism, adopted in

1996, which explicitly mentioned statistics.

A second statistical seminar in Naples in June 1996 defined the first priorities for statistical cooperation in the framework of the MEDSTAT programme. An action programme for tourism - MEDTOUR - was adopted in Malta the following June at the first MEDSTAT management committee meeting.

An early outcome of MEDTOUR was an analysis of existing statistical systems, evaluation of needs and preparation of a publication on tourism in the Mediterranean.

Data collected by questionnaire in the 12 Mediterranean countries was compared to variables in the framework of the Council Directive on tourism statistics. A draft was

presented to the first MEDTOUR steering committee meeting in Madrid in September 1997. The report is being updated with the 12 partners with a view to incorporating it in a hypertext documentary base in autumn 1998.

The publication that resulted from this early cooperation - *Tourism in the Mediterranean countries - Key figures 1994-1995* - covered variables on tourist accommodation, flows of guests, arrivals at borders of visitors from abroad, the travel item in the balance of payments and other general economic indicators in this field. The Eurostat news release quoted at the start of this article stems from its well-received launch.

Data received in the questionnaires for the publication were stored in a database with a view to creating a tourism information system for the Mediterranean using the same system and structure as in the EU. The Eurostat tourism information system, TOUR, in future will include MEDTOUR data. This will allow detailed analysis of tourism flows between European and Mediterranean countries. And the data will be available on Eurostat's New Cronos database.

In June 1997 a partnership contract was signed between the European Commission and CESD-Madrid (a Spanish

ALGERIA

In 1997 45,733 visitors from the EU, 7% of all arrivals.

CYPRUS

In 1996 EU visitor arrivals totalled 1,435,500, representing nearly 74% of total arrivals at the borders.

EGYPT

In 1997 there were 1,747,887 EU visitors - 44% of total visitor arrivals.

ISRAEL

European visitors totalled 2,100,051 in 1996 - nearly 58% of total arrivals.

JORDAN

Over four million visitors in 1997 - 7% from the EEA.

LEBANON

Foreign visitors have risen significantly in recent, more peaceful times: of which 26% (145,267) in 1997 were from the EU.

MALTA

1,053,788 overseas tourists in 1996 - 84% came from the EU.

MOROCCO

EU tourists made up 48% (1,277,000) of the 1997 total.

PALESTINE

Little data so far available - but nights spent by non-residents in hotels numbered 708,233 (96% of the total) in 1996.

SYRIA

Share of European visitors represented nearly 16% (339,429) of the 1995 total.

TUNISIA

2,132,564 EU tourists (57% of the total) in 1995. With Turkey, the most popular Mediterranean destination for EU tourists.

TURKEY

The most popular by far - overseas arrivals from Europe numbered 5,138,878 in 1996. Of those from the EU, 41% were from Germany, 14% from UK.



Participants of the first MEDTOUR training course held 26 February to 4 March 1998 in Madrid

agency part of the CESD network working on statistical cooperation) to implement the MEDTOUR work programme with the 12 countries from 1997-1999. The first Euro-Mediterranean steering committee meeting on tourism statistics in September 1997, organised by CESD-Madrid, launched this. All the participating Mediterranean countries were present (except Syria) plus representatives from seven EU NSIs – Belgium, Austria, France, Sweden, Spain, Italy and Greece – and from the Commission, the World Tourism Organisation and other organisations working on tourism.

Notable outcomes were preparation for a first Euro-Mediterranean conference on tourism statistics; setting-up of pilot surveys on inbound tourism; updating the report on existing statistical systems in the Mediterranean countries; creation and regular updating of the MEDTOUR statistical information system;

the study of non-official sources of statistical information on tourism; and publication of an updated version of the key figures publication. An Arabic translation of the Council Directive on tourism statistics was prepared for the meeting.

It was also agreed to hold a MEDTOUR task force meeting by end-1997 to get down to the detail.

This was organised by CESD-Madrid in December 1997. A key conclusion was the need for a training course for tourism statisticians of Mediterranean countries so they could familiarise themselves with the Community tourism statistical system – and gain a better understanding of how to adapt their systems to achieve the MEDTOUR aim of harmonized statistics.

It was also decided to form a scientific committee of experts from Mediterranean and EU countries, Eurostat, CESD

Madrid and DG XXIII (Enterprise policy, distributive trades, tourism and cooperatives) of the Commission to examine the key papers for discussion at the forthcoming conference and fix the agenda.

The first MEDTOUR training course was organised by CESD-Madrid from 26 February to 4 March 1998. Objectives of the course – called *Steps towards convergence: understanding the Community Statistical System on tourism* – included familiarising participants with the theoretical and practical aspects of EU statistical methods, particularly the Council Directive on the collection of tourism statistics, the Community methodology in this area, and Eurostat's reference manual on design and implementation of surveys on inbound tourism. Statisticians from all participating Mediterranean countries attended, with the exception of Egypt and Syria, although they did express interest in the initiative.

Enthusiasm of Mediterranean participants to make rapid progress on MEDTOUR was such that an 'evening shift' was set up with Arabic-speakers to fine-tune statistical terms for the draft Arabic version of the Community methodological manual on tourism statistics. This means that Eurostat will be able to publish it some time in 1998.

The view was that the Mediterranean countries, through their professionalism and intellect, sought to take the course further than its initial objectives by creating a real spirit of dialogue and cooperation among themselves.

The next action to be launched is the implementation of pilot surveys on inbound tourism in the Mediterranean countries. A questionnaire has been prepared, which will be adapted to national needs, and the know-how of EU and Mediterranean countries will be combined through technical missions by experts.

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Jean De Lannoy
Avenue du Roi 202/Koningslaan 202
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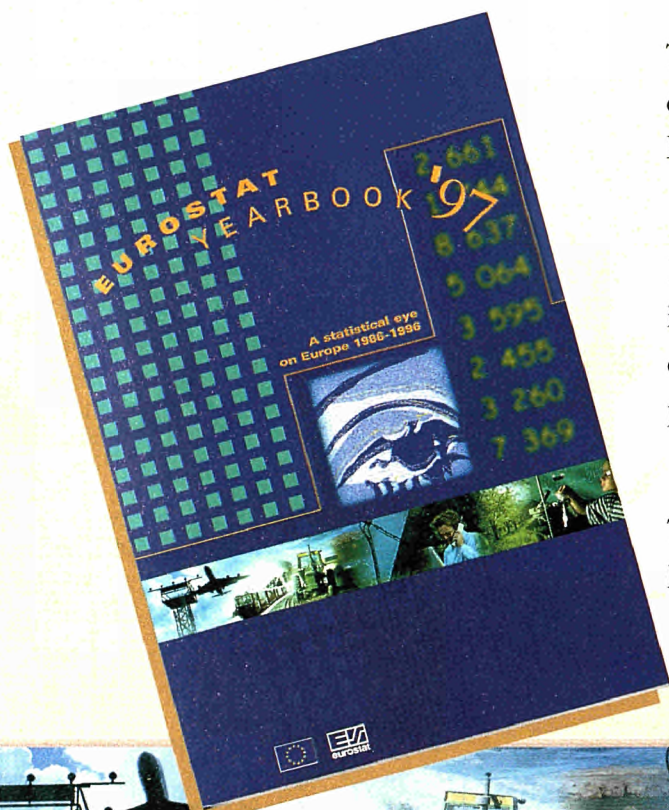
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