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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND  
THE COUNCIL**

**on implementation of the NUTS Regulation  
(Regulation (EC) No 1059/2003)**

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## on implementation of the NUTS Regulation (Regulation (EC) No 1059/2003)

### 1. OBJECTIVE

This report is required under Article 8 of Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS)<sup>1</sup> (hereinafter referred to as "NUTS Regulation"). Article 8 reads as follows:

*"Reporting*

*Three years after the entry into force of this Regulation, the Commission shall submit a report on its implementation to the European Parliament and the Council."*

### 2. ACTIONS COVERED BY THE REPORT

This report covers all of the actions undertaken in implementation of the NUTS Regulation. The first implementation exercise was carried out in 2003 following adoption of the Regulation. The frequency for updating the NUTS classification is every three years, in accordance with the provisions of the Regulation. This important operation took place towards the end of 2006. This report was therefore timed to allow a full account of it.

The NUTS classification is the reference framework for all regional statistics of the EU. It is therefore pertinent in this context to report on the supply of regional statistics from Member States to the Commission, more specifically to Eurostat.

In accordance with Article 2(5), consideration has been given to whether the NUTS Regulation should continue to cover three territorial levels or if more levels should be added. The Commission submitted a communication to the European Parliament and the Council on this matter as required.<sup>2</sup>

On 1<sup>st</sup> May 2004 ten countries joined the European Union. The NUTS Regulation has been amended to cover these new Member States and this process is also covered by this report.

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<sup>1</sup> OJ L 154, 21.6.2003, p. 1. Regulation as last amended by Commission Regulation (EC) No 105/2007 (OJ L 39, 10.2.2007, p. 1).

<sup>2</sup> Communication from the Commission to the European Parliament and the Council on the appropriateness of establishing rules on a Europe-wide basis for more detailed levels in the NUTS Classification (COM(2005) 473 final of 6 October 2005).

Finally, in discussions with candidate countries about their regional classification, the rules in the NUTS Regulation serve as a guideline.

### **3. IMPLEMENTATION IN EUROSTAT DATABASES**

Eurostat holds regional data in two environments: one production database, where data are stored for validation and where ratios or other derived indicators are calculated, and one dissemination database, which is available on-line through Eurostat's website. Statistics are available to everybody free of charge unless there is a very specific reason to restrict dissemination of the data.

Both databases had to be updated with the 2003 NUTS codes following adoption. Because only data on the existing regions are disseminated, any code which disappeared in 2003 had to be removed from the databases. Statistics connected to discontinued codes were, as far as possible, moved or converted to the new NUTS codes in the database.

Eurostat's databases were switched from the previous version (NUTS 1999, based on an informal agreement) to the 2003 version of NUTS on 20th November 2003.

From 2003 onwards the NUTS code was redefined to be the same length for all regions at the same NUTS level, which was not the case before. This is an operational improvement, as it makes it easier to identify and sort NUTS regions in statistical tables.

### **4. REGIONAL STATISTICS**

The Member States submit regional statistics to Eurostat in line with the NUTS classification in several domains. After validation, the data are disseminated on-line through the Eurostat website.

In some domains Member States are under a legal obligation to submit regional data, while in others they provide them under informal agreements. Most data are collected at NUTS level 2. A small number of tables are provided at the more detailed NUTS level 3.

After any change to the regional classification, Member States are required to recalculate the data on the basis of the new classification. In 2003 changes were made to NUTS in five of the then 15 EU Member States. Checks can therefore be made on whether these countries have generally supplied historical data for regions which were newly defined in 2003.

In cases where regions were merged, it was relatively simple to aggregate the statistics for the new NUTS region. In cases where a region was split or where borders between regions were moved, it proved impossible for Eurostat to carry out a recalculation from the available data. The Member States concerned were requested to provide recalculated data, if at all possible. In the case of sample surveys, it is often impossible to recalculate the regional data retrospectively because the design of the survey, including the sample size in each (old) region, does not allow such recalculation. It is therefore inevitable that gaps appear in the database after changes to the NUTS regions.

Another point to note is that the regional data from the 2000/2001 population and housing census were collected on the basis of the regional classification in force at the time the census was carried out (for both old and new Member States). Eurostat has endeavoured to recode these data in line with the current (2003) NUTS. In most cases this was possible. In a few cases the statistical office in the country concerned was asked to provide revised tables, recalculated on the basis of the 2003 regional classification.

## **5. ADDITIONAL NUTS LEVELS**

The NUTS classification comprises three hierarchical levels. Article 2(5) of the NUTS Regulation requires the Commission to submit a communication to the European Parliament and the Council about the possibility of introducing more detailed levels in the NUTS Regulation. The Commission discussed this issue with the Member States and subsequently submitted a communication (COM(2005) 473), which drew the following conclusions:

The Commission concluded that at the current stage no additional level of regional classification should be envisaged in the framework of the NUTS Regulation. Efforts should concentrate on the statistical information available at the existing NUTS levels with a view to consolidating in the enlarged EU of 25, improvements in quality and obtaining additional regional data where required for policy purposes.

Also, at an informal level, harmonisation of LAU (Local Administrative Unit) level 1 (which underpins the NUTS 3 level) should be actively supported by the Commission on a European scale. This will entail an intensive exchange of views between statistical offices, encouraged and supported by the Commission, and also the development of guidelines for harmonisation of concepts and definitions of LAU level 1 regions.

The proposal is that the situation should be reassessed at some point in the future. A possible appropriate moment would be sometime after 2008.

## **6. ENLARGEMENT OF THE EU**

Enlargement of the EU with ten new Member States on 1 May 2004 created a need to amend Annexes 1 to 3 to the NUTS Regulation in order to cover all 25 Member States.

An amending Regulation was adopted by the European Parliament and the Council in 2005.<sup>3</sup> The procedure for adoption of this amending Regulation took much more time and effort than initially expected due to the number of countries concerned. One major problem was that some of the new Member States came up with proposals for adjustment of their NUTS regions at a very late stage (April 2004). Nevertheless, all the proposals were incorporated.

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<sup>3</sup> Regulation (EC) No 1888/2005 of the European Parliament and of the Council of 26 October 2005 amending Regulation (EC) No 1059/2003 on the establishment of a common classification of territorial units for statistics (NUTS) by reason of the accession of the Czech Republic, Estonia, Cyprus, Latvia, Lithuania, Hungary, Malta, Poland, Slovenia and Slovakia to the European Union (OJ L 309, 25.11.2005, p. 1).

Some accession countries had adopted their own national legislation on regional statistical classifications. This legislation does not concern the regional administrative structure in their country, but is purely a statistical classification that mirrors NUTS. This national legislation is superfluous because the NUTS Regulation is directly applicable in all Member States. Moreover, the experience of the Commission shows that such "parallel" legislation on the classification for regional statistics complicates matters considerably. In particular, if the Commission is obliged to make changes to the regional classification to bring it into line with EU legal obligations and policy, the Member States are then forced to revoke their national legislation as well. In the future candidate countries will be strongly advised not to adopt this kind of legislation.

## 7. THE PROCESS OF UPDATING OF THE NUTS REGULATION

Article 5 of the NUTS Regulation stipulates how the NUTS classification may be updated. However, the fundamental approach is to keep the NUTS classification as stable as possible in order to avoid breaks in statistical time series. Changes to the NUTS classification are therefore limited to a frequency of every three years at most. An exception to this three-year limit is allowed in the event of a complete administrative reorganisation in a Member State, as any such reorganisation would make it impossible or very laborious for the statistical office in the country concerned to continue to supply statistics based on an obsolete regional classification. Another exception is allowed for very small changes to regional borders: boundary changes which lead to a change of less than 1% of the population in the smallest region involved do not have to be treated as an update of the NUTS classification.

Since June 2003 no reorganisation, as provided for in Article 5(4), has taken place in any Member State. Some minor changes have been made to borders between NUTS regions.

The three-year moratorium on changes to the NUTS classification meant that the first revision was possible in 2006. The Commission is required to make proposals for updating the NUTS classification based on information from the Member States, taking into account the policy needs of Commission departments, so that they are adopted in "the second half of the calendar year". The overall process for such revision and the procedure for Member States to notify the Commission of any changes which they wish to make to the NUTS classification were finalised with the Member States during the regular meetings of the Eurostat Working Party on Regional and Urban Statistics in 2005. In practice revision of the classification entails only an amendment to the Annexes to the Regulation.

In general terms, as the NUTS Regulation is about statistics, responsibility for coordinating management of the regional classification lies with the statistical office in each Member State. However, Member States must formally notify the Commission of any changes they wish to propose, by a letter from their Permanent Representative to the EU.

As a result of the above-mentioned process, amendments were proposed to the European regional classification (NUTS) in the following 12 Member States: **Belgium, the Czech Republic, Denmark, Germany, Spain, Italy, the Netherlands, Poland, Finland, Slovenia, Sweden and the United Kingdom**. Only Denmark, Slovenia and Sweden are affected in their entirety; in all other countries, the changes are limited to selected regions. Revisions proposed

by Portugal were not accepted by the Commission as they were judged to contravene certain provisions of the Regulation.

The new NUTS classification will apply to data provided from the 1st January 2008. From this date on the statistical data submitted must comply with the new NUTS 2006 classification.

The Statistical Programme Committee approved a draft Commission Regulation under the "comitology" procedure at its meeting on 16 November 2006.

The draft Regulation was communicated to the European Parliament, in line with its right of scrutiny (Article 5(4) of Council Decision 1999/468/EC), on 5 December 2006 and was finally adopted by the Commission on the 1<sup>st</sup> February 2007.<sup>4</sup>

## **Summary**

Overall the process for revision of the regional classification worked well, but certain procedural changes will need to be made for the next revision in 2009. Firstly, to ensure that the intention of every Member State is absolutely clear, a specific response will be requested from each Member State, clearly indicating if they do not intend to make any revisions. This will avoid any problems with the clarity of their intentions in the future. Secondly, and more importantly, in view of the revision of the "comitology procedure", particularly the extension of the time allowed for the European Parliament's "right of scrutiny", the revision process will have to be initiated much earlier in the year and the deadlines adjusted accordingly.

## **8. CANDIDATE COUNTRIES**

Since May 2004 five candidate countries have held discussions with Eurostat about their regional classification for statistics. While they are still candidate countries, a classification of "statistical regions" is agreed upon to facilitate the collection of comparable regional statistics over the entire accession process. To establish these regions and assess any changes proposed, Eurostat takes into account the provisions in the NUTS Regulation, in particular the population thresholds referred to in Article 3(2).

Bulgaria and Romania had already agreed on statistical regions before the NUTS Regulation was finally approved in 2003. Some of these did not fully comply with the Regulation (Article 3(2)). In preparation for their accession to the EU, Eurostat held extensive discussions with both Bulgaria and Romania in order to bring the statistical regions in these countries more closely into line with the provisions of the NUTS Regulation. In the case of Romania, the Commission's pre-accession regional support programmes, based on the agreed provisional definitions of level 2 "Statistical Regions, militated against any revision on accession, in particular to ensure comparable regional statistics covering the pre- and post-accession periods. This will be reviewed for the next update round.

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<sup>4</sup> Commission Regulation (EC) No 105/2007 of 1 February 2007 amending the annexes to Regulation (EC) No 1059/2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 39, 10.2.2007, p. 1).

Croatia was required to introduce a regional statistical classification, under the Stabilisation and Association Pact, and made a series of proposals to this end. The first two were rejected by the Commission because the level 2 (non-administrative) regions did not comply with the size criteria in Article 3(2) of the NUTS Regulation. The third proposal was accepted by the Commission but subsequently withdrawn by Croatia. Since then another proposal has been sent and has now been accepted by the Commission.

The Former Yugoslav Republic of Macedonia sent Eurostat two proposals for a regional statistical classification. Both contained a number of non-administrative regions at level 3, one of which is too small to meet the requirements of Article 3(5). The criteria for such non-administrative units are more restrictive than for administrative regions. Consequently both proposals were rejected by the Commission on the basis of Article 3(2).

Turkey had already reached a provisional agreement on statistical regions before the NUTS Regulation came into force in 2003. The final classification of NUTS regions to be adopted on accession is still subject to negotiation and agreement within the accession process.

## 9. OTHER COUNTRIES AND TERRITORIES

The European Economic Area Agreement does not apply to regional statistics. Iceland, Liechtenstein and Norway take account of the criteria laid down in the NUTS Regulation but are not legally bound by it. The Agreement between the EU and Switzerland does cover regional statistics in some domains.

From time to time Eurostat has received requests from users for regional data based on a NUTS-like classification for other non-EU countries or territories. Eurostat has not been able to meet such requests despite the need created by EU initiatives such as the Socrates programme, the "Interreg" programme or Regional Policy.

- ∄ The Socrates programme run by the Directorate-General for Education and Culture requires a regional classification in CARDS countries in the Western Balkans and in overseas territories of Member States (Council Decision 2001/822/EC of 27 November 2001 on the association of the overseas countries and territories with the European Community).
- ∄ "Interreg" programmes straddle the EU's external borders and include regions in countries like Ukraine, Moldova or Russia. Because no NUTS regions are defined in these countries, the regions eligible for this programme have been defined on an *ad hoc* basis.
- ∄ Geographically the NUTS Regulation applies to the economic territory defined in the ESA(95) Regulation (points 2.05 and 13.07),<sup>5</sup> which therefore excludes certain specific territories such as Gibraltar or Mount Athos from the NUTS classification.

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<sup>5</sup> Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community (OJ L 310, 30.11.1996, p. 1).

## 10. DISSEMINATION

The complete list of regions, including codes and names, is available on the RAMON classifications server on Eurostat's website. In this way information about the NUTS classification is made available to the widest possible audience.

In addition to the list of regions, the website includes introductory and explanatory texts about NUTS and two sections with maps showing the borders of the regions. The link to the home page is:

<http://ec.europa.eu/eurostat/ramon/nuts/>.

A booklet containing the NUTS classification and outline maps of the regions was published by Eurostat in 2003 followed by a revised version, containing all NUTS regions in EU-25, in 2004. Copies of these booklets have been distributed within Eurostat and to statisticians from the Member States who are Eurostat's main contacts for supplying regional statistics. The booklets are also available in PDF format on Eurostat's website at:

[http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1073,1135281,1073\\_1135295&\\_dad=portal&\\_schema=PORTAL&p\\_product\\_code=KS-BD-04-005](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073,1135281,1073_1135295&_dad=portal&_schema=PORTAL&p_product_code=KS-BD-04-005).

At meetings of the Working Parties on the European Statistical System, which are the main forum for discussions about NUTS with the statistical offices of the Member States, Eurostat has repeatedly presented the NUTS classification and its rules, in particular on changes to NUTS. Presentations have also been made to the Working Parties on a number of other subjects (e.g. geographical information systems and statistics, demography, tourism and transport statistics) and to members of certain Commission policy DGs.

## 11. CONCLUSIONS

The NUTS Regulation is operational within the European Statistical System and is serving its primary purpose as a framework for regional statistics at European level.

Recital 8 of the NUTS Regulation underlines the intention to maintain stability in the NUTS classification. For certain domains of regional statistics, any change in the NUTS classification creates significant problems with maintenance and recalculation of statistical data. For this reason, the Commission has taken a restrictive approach in its proposals for changes to the NUTS regions.

The question of adding further regional levels to the NUTS Regulation has been investigated in depth, including the required consultations with the Member States. A communication on this subject was submitted to the European Parliament and the Council. The conclusion was that no further level should be added to the NUTS Regulation at this time. The issue should be reassessed some time after 2008.

In discussions with candidate countries, the provisions in the NUTS Regulation have been used to encourage the countries concerned to bring their proposals into line with a more harmonised European regional classification.

Revision of the NUTS Regulation proceeded smoothly, but minor changes will be made to consolidate this process in the 2009 revision round.