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THE COUNCIL**

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the Council of 16 December 2008 on a Programme for the Modernisation of European
Enterprise and Trade Statistics (MEETS)**

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1. INTRODUCTION

Under the terms of Article 6 of Decision No 1297/2008/EC of the European Parliament and of the Council of 16 December 2008 on a Programme for the Modernisation of European Enterprise and Trade Statistics (MEETS), (hereinafter referred to as the MEETS Decision), the Commission shall “by 31 December 2010, and thereafter on an annual basis until 2013, ... submit to the European Parliament and the Council a report on the implementation of the MEETS Programme”.

The emphasis in the first report was on the actions started and/or continued in the annual work programmes for 2009 and 2010. The second report covered the initial main results achieved, as well as the major initiatives covered by the annual work programme for 2011, which was adopted in 2010. For 2011, the level of implementation of MEETS operational credits was 97%¹.

This third report provides an overview of the progress made by the Member States and the Commission (Eurostat) in implementing the activities under the MEETS Programme during 2012.

All MEETS activities are in line with the strategy set out in the Communication of 10 August 2009 from the Commission to the European Parliament and the Council on the production method of EU statistics: a vision for the next decade².

2. OBJECTIVES, ANNUAL ACTIONS AND PRIORITIES

In 2011, consideration was given to streamlining the MEETS Programme as part of the wider discussion on negative priorities within the European Statistical System (ESS). This resulted in a number of MEETS actions being integrated.

The collaborative networks in the ESS, known as ‘ESSnets’, remain a major means of implementing the objectives of the MEETS Programme. ESSnets are a way to develop new projects where a few Member States interested in a specific field actively collaborate on common tasks and then disseminate the results to the non-participating Member States. This

¹ Including a clearing of 15% of the budget in September 2011.

² COM(2009) 404.

helps to harness synergies, save costs and share best practices, while developing specific actions that are beneficial for the ESS as a whole.

All the ESSnets operating within the MEETS Programme were launched during the first three years of the Programme. The annual work programme for 2012 continued the actions started by these ESSnets for the modernisation of enterprise and trade statistics. In addition, further action was initiated in 2012 to help Member States achieve the goals of reducing the burden on businesses and, at the same time, enable the ESS to respond to new needs for statistical information.

In total, the EU budget for the 2012 work programme is set at nearly € 9 million, and it covers 17 annual actions, plus the necessary technical and administrative support to implement the programme. Grants, either through ESSnets or in the form of individual grants (at 82%), remain the most common instrument for financing the actions.

2.1. Objective 1: To review priorities and develop target sets of indicators for new areas

Identifying areas of lesser importance

Since the ESSC adopted a new strategy-driven approach in November 2010, the areas of lesser importance in business and trade statistics have been identified in the framework of the **annual strategic review of Eurostat's priorities**. The review in 2010 resulted in the streamlining of the MEETS programme and the identification of a number of negative priorities which need to be developed further into concrete proposals for amending existing legal acts. The negative priorities listed for 2012 concern the statistics/series on Kind of Activity Unit in Annexes 2 and 4 of the Structural Business Statistics (SBS) Regulation³ and the industrial new orders variable of Annex A to the Short-Term Statistics (STS) Regulation⁴. Furthermore, discussions started on reducing the requirements for Intrastat and on rebalancing the international trade statistics for goods and services in favour of services.

The reduction and other simplification actions listed for 2013 include the simplification/harmonisation of revision policies in Business Statistics, the continuation of the work for the provision of common tools, for example EGR; the discussion on the review of the multi-annual series in the SBS Regulation Annexes 2-4 was also reopened.

There will be a fundamental revision and integration of business related statistics via a common legal framework for the collection, compilation, transmission and dissemination of statistics on the economic activities of the business sector, the Framework Regulation Integrating Business Statistics (FRIBS). The common denominators used in all domains will be NACE (for activities) and CPA (for products). Overall, this approach is expected to reduce

³ Regulation (EC) No 295/2008 of the European Parliament and of the Council of 11 March 2008 concerning structural business statistics (recast). OJ L 97, 9.4.2008, p. 13.

⁴ Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics. OJ L 162, 5.6.1998, p. 1.

the statistical burden on businesses and on the NSIs. As part of this, Eurostat's aim is to reform Intrastat⁵ by means of the so-called international trade package or SIMSTAT, which tackles the simplification of Intrastat, the much needed improvement of the quality of the related statistical data and the need to develop international trade in services statistics at one and the same time. Currently, Intrastat is the most burdensome statistical area. It imposes more than 50% of all statistical burden on businesses.

Developing new areas (enterprise groups, globalisation, entrepreneurship, innovation)

Globalisation and entrepreneurship are two policy areas for which statistics are not yet fully developed. Further work will be carried out in 2013 to follow up the progress on methodology and to test results.

As a result of the streamlining undertaken in 2011, further methodological work and assessment of the methodology developed for compiling economic indicators on **globalisation and statistics on enterprise groups** have been carried out in the framework of two ESSnets. Definition and development of a target set of globalisation indicators has been dealt with by the ESSnet on measuring global value chains, whereas the general assessment of the methodological work on new indicators based on enterprise groups was undertaken by the ESSnet on profiling of large and complex multinational enterprise groups.

Cooperation with the OECD on further development of the **joint Entrepreneurship Indicator Programme (EIP)** continued in 2012. In particular, the focus has been on establishing high-growth indicators for innovative firms, that are servicing the newly established 'Innovation Union headline indicator'. At the same time, an initiative to provide a legal basis for employer business demography was launched in order to produce harmonised data from all EU Member States in line with international data in the EIP. Support continued to be provided for developing and establishing new indicators describing the framework for determining the areas of 'access to finance', 'R&D, innovation and technology', 'capabilities/skills' and 'culture for entrepreneurship'.

2.2. Objective 2: To achieve a streamlined framework of business-related statistics

Integrating concepts and methods within the legal framework

Business statistics are compiled in accordance with Community legislation, which has developed over the years and is not necessarily consistent in terms of concepts, scope, definitions, methodology, etc. As mentioned above, the MEETS Programme envisages an overhaul of the legislation in order to streamline the framework for business statistics. This revision is needed in order to enable users to use and compare statistics from different sources. Another driver for more consistent legislation and methodology is the emerging

⁵ Regulation (EC) No 638/2004 of the European Parliament and of the Council of 31 March 2004 relating to the trading of goods between Member States and repealing Council Regulation (EEC) No 3330/91 (OJ L 102, 7.4.2004, p.1), amended by Regulation (EC) No 222/2009 of the European Parliament and of the Council (OJ L 87, 31.3.2009, p. 160).

architecture of integrated production systems for business statistics. Without further harmonisation of concepts, definitions and methodologies, this integration cannot take place. To tackle this issue, the ESSnet on **Consistency of concepts and methods of business and trade related statistics** was set up. In 2010 and 2011, two work packages were launched in order to analyse the possible lack of consistency in statistical units, resp. in population frames for different surveys, classifications and their applications. Work on the above issues has continued in 2012. Furthermore, in 2012 a third work package was launched to analyse the problems of consistency related to characteristics and definitions.

Developing statistics on enterprise groups

A great deal of progress has been made in the context of the **EuroGroups Register**⁶ (EGR), the aim of which is to provide consistent and coordinated survey frames for high quality statistics relating to globalisation.

The **ESSnet on EGR methodology** was set up in 2008. In 2009 and 2010, EGR populations of 5000 multinational enterprise groups (MNEs) were produced. In 2011, the EGR population was extended to 10 000 MNEs. In 2012, the methodology for central and national EGR processes and the data model was further developed (EGR version 2) along with a plan for future management of the EGR. Dissemination has been improved by opening a web platform for the EGR documentation. A new ESSnet was launched in 2012 and continued to work with a view to achieving full coverage of the EGR population for FATS and FDI and associating national central banks in the EGR as producers and users. The aim is to have a stable system in place, by the end of 2013, with a coverage that serves FATS and FDI statistics. Remote access for users of national statistical offices and national central banks should also be in place. The main objective is the integration of the frame populations of EGR, FATS and FDI.

At the end of 2009, the **ESSnet on profiling of large and complex multinational enterprise groups** was launched in order to develop and implement a methodology for profiling. In 2012, the ESSnet continued its work on the methodology by taking into account the results of the tests carried out in 2011. Guidelines and documentation have been developed and the implementation of the operating methods for the profiling model in Member States was funded. In 2012, a start was made on the work to test and assess the methodological work on statistics based on enterprise groups in non-ESSnet Member States.

Conducting Community surveys to minimise the burden on enterprises

Following preparations carried out in 2011, a study was undertaken in 2012 to provide methodologies for the **use of EU sampling schemes** in data collections.

⁶ The legal basis was established by Regulation (EC) No 177/2008 of the European Parliament and of the Council of 20 February 2008 establishing a common framework for business registers for statistical purposes and repealing Council Regulation (EEC) No 2186/93. OJ L 61, 5.3.2008, p.6.

2.3. Objective 3: To support the implementation of a more efficient method of producing enterprise and trade statistics

Making better use of data that already exist in the statistical system, including the possibility of estimates

The work on "**data warehousing and data linking in the production of business statistics**" is being carried out by an ESSnet that was set up in the second half of 2010. In 2011 the ESSnet focussed on reviewing current practices in integrated business data systems in the ESS Member States and on identifying the main common problems in this area. In 2012 the work focussed on three main areas containing all the subjects identified by the Member States as most relevant in a statistical data warehouse, namely: metadata related to the statistical data warehouse and the two major aspects for building and implementing the statistical data warehouse, namely the methodological aspect and the architectural/technical aspect. The initial results were presented and discussed with the ESS Member States in a workshop which took place in May 2012. This work will continue in 2013 and the next workshop is scheduled for February 2013.

Furthermore, a great deal of progress was achieved in the three projects covering the **linking of micro-data for individual statistics**:

The project on **linking micro data on international sourcing** with business statistics data continued. The ESSnet on **measuring global value chains**, which started in 2011, continued the methodological development work to compile data on the increasingly globalised manner in which businesses organise their activities and how this impacts on job creation and sustainable growth. The aim of the project is to help policy makers to take better informed decisions and to monitor the globalisation/internationalisation of economies by developing and providing indicators on economic globalisation. In 2012 the grant agreements for the micro data linking were signed, and in 2013 participating Member States will assess and test the micro data linking methodology and produce linked micro data sets for the impact analysis of internationally fragmented production chains.

- The project on **data linking of trade and business statistics** will start up again in 2013. Prior to 2011 an external study was conducted to develop the methodological framework in order to produce statistical indicators on external trade by business characteristics, and a pilot data collection took place to test its feasibility. In 2013, Member States will develop and compile an extended set of indicators based on trade and business micro data. The new indicators will then be included in the TEC (trade by enterprise characteristics) database.
- The ESSnet on **linking micro-data on ICT usage** was finalised in 2012, and produced new statistical indicators by linking data from business registers, statistical surveys on ICT use and e-commerce in enterprises, structural business statistics and innovation surveys. It also produced an extended toolbox to analyse the impact of ICT on enterprise performance, including a metadata repository and software for linking and analysing micro datasets. In addition to analysis of linked businesses' data, the ESSnet analysed the situation in participating countries with regard to the survey and sampling strategies related to business statistics, and made recommendations to improve the representativeness of linked data.

The ESSnet drew up and agreed a protocol containing rules and conditions for disseminating the results of the data analysis to a wider public.

The ESSnet on "**Methodology for modern business statistics (optimal sampling, model based estimation, data integration)**" was launched in 2010 and started the second phase of its programme at the end of 2012. Its main aim is to provide methodological guidance to support modernisation and integration of ESS business statistics. In addition to methodological developments concerning specific production steps (design, data collection and estimation), the project summarises the body of business statistics methods in the coherent framework of an electronic handbook. The handbook will be both a reference work and a training manual. In the second and final phase, the ESSnet will draw conclusions on the work done on the specific production steps and complete the handbook to cover every step of the statistical production process, thereby contributing to the optimisation of ESS business statistics.

Making better use of data that already exist in the economy

The ESSnet on the **use of administrative and accounts data**, which was launched in 2009, continued to investigate the practical issues related to the use of these data for business statistics purposes. The results of the research and analytical work done during the three years of activity has been further developed into recommendations and dissemination of good practices. The main results achieved so far concern the preparation of the overview of national practices on the use of administrative data, the description of the methods used for estimation of incomplete data sets when using administrative data for short-term statistics, and the production of a list of indicators for assessing the quality of business statistics based on administrative data.

In order to help Member States to use administrative data in the most efficient way for statistical purposes, the MEETS programme has continued to provide support to the NSIs to develop their systems, with the aim of integrating data from different sources into the statistical production process. This should lead to a reduction in the reporting burden on companies and an improvement in the quality of statistical information.

In 2012, the Member States were invited to participate in the project "**Facilitation of data transfer from enterprises to national statistical institutes**". Support was provided for the development of IT systems for the collection of statistical data from enterprises, the development of national statistical taxonomies and the creation of national statistical XBRL taxonomies.

Developing tools for the more efficient extraction, transmission and treatment of data

New grant agreements with Member States were signed in 2012 as part of the project entitled "Making better use of customs data in external trade statistics (Extrastat)". This support helps

Member States to adapt their data collection systems for Extrastat statistics to the new customs systems of the Modernised Customs Code⁷.

2.4. Objective 4: To modernise Intrastat

Harmonising methods to improve quality under a simplified Intrastat

As a result of the streamlining exercise, the two projects "Improvement of data quality under a simplified Intrastat system" and "Reduction of asymmetries in Intrastat" were merged into one at the end of 2010; the title of this new project was "Harmonising methods to improve quality in intra EU-trade statistics". In 2012 a tender was launched for the further development of methods and practices related to the compilation of EU trade statistics. Its aim was to update the relevant documentation and to identify recommended practices. In addition, support was provided to Member States to implement the harmonized methods and practices needed in order to improve quality in intra-EU trade statistics. The work to reduce asymmetries at detailed and aggregated level was continued by providing support to Member States to conduct bilateral or multilateral reconciliation studies.

Making better use of administrative data

Grants were also signed in 2012 to enhance the use of administrative data by Member States when producing intra-EU trade statistics. Their aim is to reduce the response burden and improve the quality of intra-EU trade statistics. Work is focused on the use of administrative data for the validation of data collected in the Intrastat system and the replacement of statistical surveys, in addition to the (further) development of joint data collection systems in a number of Member States for Intrastat, VAT and VAT Information Exchange (VIES).

Improving and facilitating data exchange within Intrastat

The studies undertaken and the support provided to Member States have resulted in the increased use of electronic means and technologies for data collection, production, exchange and validation through automated and secure processes, and the application of advanced statistical concepts for error detection and auto-correction.

3. CONCLUSION

The MEETS Decision details the actions which are to be financed during the period covered by the programme. This substantiates the relatively large number of initiatives undertaken in the first two years of the programme. However, one of the outcomes of the economic and financial crisis of 2008 was a "saturation" of financing possibilities in the NSIs, due to the lack of human resources. Therefore, there was a need to streamline the programme by integrating certain initiatives and/or focusing them on the six main areas organised through ESSnets, which are: consistency of concepts and methods; EGR; profiling large and complex

⁷ Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code (Modernised Customs Code). OJ L 145, 4.6.2008, p.1.

multinational enterprise groups; micro-data linking and data warehousing in statistical production; methodology for business statistics; and the use of administrative and accounting data.

The ESSnets, especially those that started in 2009 and early 2010, have done sterling work, in particular on the EGR methodology, Profiling and the Use of administrative data. As far as the other main pillars of the MEETS programme (consistency of legal acts, data warehouse and data linking initiatives) are concerned, these activities are also now well on track. Whereas in 2011 they were still dealing with preparatory work, putting the basic infrastructure in place (launching ESSnets, multi-beneficiary grant agreements, etc.) and creating networks of national experts, in 2012 they have already started to produce practical results.

In addition, financing through individual grants has continued, mainly in order to accompany the progress in methodology and to test certain methodological recommendations, but also to develop the tools to make extraction, transmission and processing of data more efficient. A number of results are already available, but most actions are still ongoing.

It is important to regard all actions as inter-connected initiatives, so as to ensure that the national procedures for the collection of enterprise and trade statistics become more efficient. This demanded a long-term commitment and constant monitoring.

The 2012 report is the last annual report of the MEETS programme. 2013 will be the last operational year of this programme. All actions will be finalised, and all of the concrete final results have to be available by 31 December 2013. The final report on the implementation of the MEETS programme that needs to be submitted to the European Parliament and the Council by 31 July 2014 must therefore also include all of the actions and results of 2013. Furthermore, the final report is required, in the light of the expenditure incurred by the Community, to assess the benefits of the actions that accrue to the Community, the Member States and providers and users of statistical information, in order to identify areas for potential improvement.