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signed by Mr Jordi AYET PUIGARNAU, Director

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To: Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of  
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14(2) of Council Regulation (EC) No 1165/1998

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Delegations will find attached document COM(2017) 411 final.

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

**concerning short term statistics as required by Article 14(2) of Council Regulation (EC)  
No 1165/1998**

## 1. INTRODUCTION

European short-term business statistics (STS) provide a comprehensive set of indicators such as production, turnover, output prices (often also referred to as producer prices), number of persons employed, hours worked, gross wages and some others for four major economic areas: industry, construction, retail trade and services (excluding financial and public services). Table 1 provides an overview of the STS indicators.

**Table 1:** Short-term statistics indicators

Industry	Construction	Retail trade	Other services
Industrial production	Production in construction - Building construction - Civil engineering	-	-
Industrial turnover, domestic and non-domestic (euro area and non-euro area)	-	Turnover in retail trade	Turnover in (other) services
-	Building permits - Number of dwellings - m <sup>2</sup> of useful floor area	-	-
Number of persons employed	Number of persons employed	Number of persons employed	Number of persons employed
Hours worked	Hours worked	Hours worked	Hours worked
Gross wages and salaries	Gross wages and salaries	Gross wages and salaries	Gross wages and salaries
Industrial output prices, domestic and non-domestic (euro area and non-euro area)	Construction output prices / construction costs	Volume of retail trade	Output prices of (other) services
Industrial import prices (euro area and non-euro area)	-	-	-

The legal basis of short-term business statistics is Council Regulation (EC) No 1165/1998<sup>1</sup>, as amended by subsequent regulations (hereinafter ‘STS Regulation’). According to Article 14(2) of the Regulation:

*The Commission shall, by 11 August 2008 and again every three years thereafter, submit a report to the European Parliament and the Council on the statistics compiled pursuant to this Regulation and in particular on their relevance and quality and the revision of indicators. The report shall also specifically address the cost of the statistical system and the burden on business arising from this Regulation in relation to its benefits. It shall report on best*

<sup>1</sup> OJ L 162, 5.6.1998, p. 1.

*practices for lessening the burden on business and shall indicate ways of reducing the burden and costs.*

The present report follows up on the reports submitted in June 2008, June 2011, and June 2014 pursuant to the above Article<sup>2</sup>.

Section 2 outlines the uses of short-term statistics and their relevance for key European policies and the steering of European monetary policy. It also indicates major developments in short-term statistics since the last report in June 2014.

Section 3 describes in greater detail the different quality aspects of short-term statistics.

Section 4 presents some facts regarding the cost and burden involved in the collection and processing of data for short-term statistics.

The last section provides an outlook on future developments in short-term statistics, in particular in relation with the Framework Regulation Integrating Business Statistics (FRIBS) the proposal of which was adopted by the Commission on 6 March 2017.

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<sup>2</sup> COM(2008) 340 final, 9.6.2008; COM(2011) 329 final, 8.6.2011; and COM(2014) 381 final, 26.6.2014. There was also a report in 2003: COM(2003) 36 final, 29.1.2003.

## 2. OVERVIEW OF SHORT-TERM STATISTICS AND MOST IMPORTANT DEVELOPMENTS

Short-term statistics provide eight of the 22 principal European economic indicators (PEEIs)<sup>3</sup> which were developed to monitor the economic development (business cycle) of the European Union and its Member States and in particular to conduct monetary policy in the euro area. These indicators are: industrial production, industrial output prices on the domestic market, industrial import prices, production in construction, volume of retail trade, turnover in services (excluding retail trade services), service output prices and building permits.

The most prominent users of short-term statistics are the European Central Bank and national central banks but the data are also of high importance for the European Commission, national governments, research institutes, as well as for businesses and business organisations. It is also important to note that short-term statistics provide key input for other statistical areas such as national accounts.

Short-term statistics are most commonly used for economic trend analysis, forecasting and modelling, they are also required for the preparation of policy decisions, research purposes, checking and validating data from other sources and as a basis for business decisions (e.g. in market research). Results from short-term statistics may also be used by businesses for various other purposes (e.g. use of output price indices for indexing contracts).

In order to ensure the relevance of short-term statistics for their users and to further enhance the quality of the data Eurostat has undertaken a number of initiatives since the last report on short-term statistics was adopted in June 2014.

In order to complement the existing regular data compliance assessment a more extensive quality monitoring of short-term statistics data was introduced. In addition to the completeness and timeliness of the data transmissions of National Statistical Institutes to Eurostat the extended quality monitoring will also focus on the accuracy (i.e. reliability and source data) of short-term statistics; in particular, the initiative will look at the size and timing of revisions and the availability of source data at the time of the first data.

During the last three years, national reference metadata of short-term business statistics have been created and updated using Eurostat's metadata standards. At least one national metadata file has been created for each Principal European Economic Indicator (PEEI) and additional files for other indicators. Most reporting countries completed their STS metadata files by 2014, enriched the concepts on revisions and adjustment in 2015 and improved their metadata further on accuracy in 2016. National reference metadata of the reporting countries are also released online via the annexes at the end of Eurostat's STS metadata file.<sup>4</sup>

In March 2016, a new seasonal adjustment software was introduced for European short-term business statistics. Starting with the reference year 2016 the new software JDemetra+ is used. With this change short-term statistics follow recommendations by Eurostat and the ECB for seasonal and calendar adjustment of official statistics in the EU.<sup>5</sup> The new software improves the quality and transparency of the calendar and seasonal adjustment in short-term statistics. The switch to the new seasonal adjustment software has not caused changes in the headline

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<sup>3</sup> The original list of PEEIs was established in 2002 (Communication of the Commission to the European Parliament and the Council on Eurozone Statistics, 27.11.2002, COM(2002) 661 final).

<sup>4</sup> [http://ec.europa.eu/eurostat/cache/metadata/en/sts\\_esms.htm#annex](http://ec.europa.eu/eurostat/cache/metadata/en/sts_esms.htm#annex).

<sup>5</sup> Moreover, the ESS guidelines on seasonal adjustment recommend the use of JDemetra+ by Eurostat and by the Members of the European Statistical System in a broader context: <http://ec.europa.eu/eurostat/en/web/products-manuals-and-guidelines/-/KS-GQ-15-001>

time series, their interpretation or use. The previous seasonal adjustment specifications are also used in JDemetra+. This ensures stability of the seasonal adjustment process and minimises revisions.

### **3. SCOPE AND COMPLIANCE WITH THE STS REGULATION**

Eurostat monitors Member States' compliance with the STS Regulation in terms of timeliness and completeness. On the basis of the various quality aspects outlined in the *European Statistics Code of Practice*<sup>6</sup>, twice per year a comprehensive compliance score covering all indicators is calculated for each country. Generally, the results of the monitoring show a high level of compliance with the regulation. As of 1 April 2016, the EU-28 average score was 9.5 (out of 10) with a large majority of Member States fully compliant.

#### **3.1. Accuracy, reliability, coherence and comparability**

With Commission Regulation (EC) No 1503/2006<sup>7</sup> common definitions for short-term statistics were introduced in order to ensure the coherence and comparability of data. Eurostat and the national statistical offices work closely together to maintain and improve high accuracy, reliability and coherence of the short-term statistics indicators. The methodological framework established by the STS Regulation is continuously improved by consultations of technical experts and of special thematic task forces.

Despite uniform definitions, statistical data compilation approaches do not have to be identical across Member States. In keeping with the principle of subsidiarity and in order to take account of national differences, e.g. as regards size, economic structure and availability of administrative data, the STS Regulation leaves it to Member States to decide on the most efficient and effective ways of collecting and processing the data.

Eurostat also works together with other international organisations, especially the OECD, to increase the comparability of data and methodology beyond the European Union.

#### **3.2. Timeliness and punctuality**

Short-term statistics are among the first official data to provide an indication of the recent economic development. The STS Regulation sets very short deadlines for the delivery of national data to Eurostat<sup>8</sup>. Table 2 shows the current deadlines for data transmission to Eurostat (third column) and the target dates set by the Economic and Financial Committee (EFC) in its most recent report on information requirements in the European Monetary Union. The last column indicates the current deadlines for dissemination (e.g. via special news releases and general online releases).

In general, the timeliness of short-term statistics can be considered very good. Delays usually only occur if the target delivery day falls on a weekend or on a public holiday.

Users are informed about news release publication dates well in advance by means of the news release calendar on the Eurostat website<sup>9</sup>. In past years, all dates announced in the calendar have been met.

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<sup>6</sup> The European Statistics Code of Practice is available at: <http://ec.europa.eu/eurostat/web/quality/european-statistics-code-of-practice>.

<sup>7</sup> OJ L 281 of 12.10.2006, p. 15.

<sup>8</sup> The original deadlines in Regulation (EC) No 1165/98 were further shortened by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 (OJ L 191, 22.7.2005, p. 1).

<sup>9</sup> The calendar is available at: <http://ec.europa.eu/eurostat/web/short-term-business-statistics/overview>.

**Table 2:** Timeliness – days between end of reference period and delivery deadline, STS Regulation, EFC target and actual dissemination of EA aggregates (November 2016)

Indicator	Periodicity	STS Regulation deadlines <sup>a)</sup>	EFC targets for 2016 <sup>b)</sup>	Dissemination of EA totals <sup>c)</sup>
Industrial production	Monthly	40	40	42
Industrial output prices of the domestic market	Monthly	35	35	33
Industrial import prices	Monthly	45	45	40
Production in construction	Monthly	45	45	49
Building permits	Quarterly	90	90	91
Turnover in retail trade	Monthly	30	30	34
Turnover in (other) services	Quarterly	60	60	63
Service output prices	Quarterly	90	90	91

a) Deadlines for the transmission of data to Eurostat under the short-term statistics Regulation; for smaller countries, longer deadlines may apply.

b) Targets set in the Economic and Financial Committee (EFC) *2016 Status Report on information requirements on EMU*.

c) Days between the end of reference period and dissemination (e.g. news release, data release).

### 3.3. Revisions of short-term statistics indicators

The results of short-term indicators have to be based, to some extent, on preliminary, estimated and incomplete data. Following the first data release, survey results are revised when late respondents' input has been added. But data can also be revised for a whole range of other reasons, including seasonal adjustment, benchmarking, new and/or improved data sources, and corrections of errors or methodological changes. The revisions are generally rather limited in scale, especially at the aggregated EU level and for the euro area.

In order to assess the quality of the first results of the four short-term statistics indicators published monthly in a news release, changes between first and second publications of monthly growth rates were analysed for 2014-16.

Table 3 shows, for the euro-area aggregates of the four STS indicators subject to a news release, the average scale of revisions of growth rates between the first and the second publication one month later (second column). This is zero or close to zero, which means that upwards and downwards revisions of the growth rates cancel each other out, i.e. there appears to be no systematic bias to over- or under-estimating results.

**Table 3:** Scale of revision for the four principal short-term statistics indicators, 2014-16 <sup>a)</sup>

1	2	3	4	5
	Average revision b)	Average absolute revision c)	Average absolute growth rate	Relative average revision d)
Industrial production	0.1	0.2	0.7	0.2
Industrial output prices (domestic market)	0.0	0.0	0.4	0.1
Production in construction	0.0	0.4	0.7	0.5
Volume of retail trade	0.0	0.2	0.4	0.5

a) Seasonally adjusted growth rates of indicators for the euro area.

b) Differences between growth rates at second and first publication, 2014-16 average.

c) Absolute differences between growth rates at second and first publication, 2014-16 average.

d) Ratio between absolute revision (3rd column) and absolute growth rate at second publication (4th column), 2014-16 average. Differences are due to rounding errors.

In absolute terms (third column), the average revisions vary between almost zero for industrial output prices and 0.4 percentage points for production in construction. The differences across indicators are explained mainly by different compilation and revision methods. While industrial output prices are often not revised at all, production indicators might even be revised several years after their first publication.

Average growth rates (in absolute terms at second publication) are indicated in column 4. The last column shows the relationship between the revision of the growth rate and the growth rate itself (at the time of the second publication). This number describes more accurately the magnitude of the revisions, since it makes a difference whether a revision of x percentage points is applied to a relatively high or a relatively low growth rate.

### 3.4. Accessibility, clarity and availability of metadata

In the area of short-term statistics, Eurostat publishes 48 news releases a year, i.e. monthly releases for four principal indicators (industrial production, industrial output prices, production in construction and volume of retail trade). In past years, all news releases have been published according to schedule.

All European short-term statistics data are accessible via the Eurostat website; they are free of charge. The section dedicated to short-term statistics<sup>10</sup> provides access to the complete short-term statistics database but also to a number of pre-defined statistical tables. In addition the dedicated section provides information on the legal basis of short-term statistics and contains numerous methodological publications. Metadata for the EU aggregates as well as national metadata on the various short-term statistics indicators can also be accessed via the dedicated section.

Concise articles on all short-term statistics indicators as well as numerous methodological background articles are published in *Statistics Explained*, a wiki-style online platform.<sup>11</sup> In the past a large number of articles on short-term statistics had been published in the format of *Statistics in focus*.

<sup>10</sup> <http://ec.europa.eu/eurostat/web/short-term-business-statistics/overview>

<sup>11</sup> [http://ec.europa.eu/eurostat/statistics-explained/index.php/Short-term\\_business\\_statistics](http://ec.europa.eu/eurostat/statistics-explained/index.php/Short-term_business_statistics).



#### **4. CURRENT COSTS TO THE STATISTICAL SYSTEM AND BURDEN ON BUSINESSES**

The measurement of the costs (for statistical systems, related to collecting, processing and disseminating data) and the burden (on the enterprises providing the data) arising from short-term statistics has proven to be extremely difficult. In line with the subsidiarity principle statistical institutes apply different methods for the data collection and data production. For example data sources vary: some countries use survey data, others rely on secondary administrative sources and others even combine surveys with administrative data. Survey methods and data collection tools also differ. Consequently, any comparison between Member States of cost and burden estimations requires greatest caution. Moreover, when assessing cost and burden related to short-term statistics the benefit side also needs to be considered, as these data provide an important input to other statistics (especially national accounts).

The burden data collected from Member States in the past indicated that an average business has to spend around 20 minutes per month to comply with statistical requests for the collection of production data (industry and construction), while turnover data are easier to provide (5 to 10 minutes per month), and the provision of price data requires around 15 minutes per month. These figures are however only rough indications since differences between Member States are quite large.

Available evidence suggests that the statistical burden has slightly decreased during past years. More and more statistical offices facilitate the provision of data by enterprises, e.g. by an electronic collection instead of paper surveys. Statistical offices also attempt to reduce sample sizes and rely, whenever possible, on administrative data.

#### **5. FUTURE DEVELOPMENTS IN SHORT-TERM STATISTICS**

Since 2000 the share of industry and construction in the value added of all economic activity has dropped from 34.0% to 30.5%. Over the same period, the share of market services (excluding banking and insurance) has increased from 41.0% to 45.6%<sup>12</sup>. In order to adequately represent this increased importance of the service sector in short-term statistics, Eurostat, in co-operation with Member States and after thorough consultation of key users, has prepared a proposal for a comprehensive enlargement and improvement of the legislative basis for short-term statistics, aiming at better covering the services sectors.

This so-called "STS-package" is part of the proposal for a Framework Regulation Integrating Business Statistics (FRIBS), which the European Commission adopted on 6 March 2017<sup>13</sup> together with an extensive impact assessment.<sup>14</sup>

In particular, according to the FRIBS proposal a production (volume) indicator for the service industries (including financial and public services) will be included in the set of short-term statistics indicators. Moreover, the scope of service industries covered by the different short-term statistics indicators will be consolidated. The new indicator of services production (ISP) will have a monthly reference period and should be available 60 days after the reference period. In addition to the improved coverage of the service industries short-term statistics will be streamlined and consolidated in several other respects, e.g. concerning transmission deadlines, the use of statistical units, and the definition of size classes of countries.

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<sup>12</sup> Gross added value chain linked volumes, Eurostat, National Accounts, own calculations.

<sup>13</sup> <https://ec.europa.eu/transparency/regdoc/rep/1/2017/EN/COM-2017-114-F1-EN-MAIN-PART-1.PDF>.

<sup>14</sup> <https://ec.europa.eu/transparency/regdoc/rep/10102/2017/EN/SWD-2017-98-F1-EN-MAIN-PART-1.PDF>.

The proposed changes will guarantee that short-term statistics continue to fulfil their task of correctly and adequately measuring business cycle developments in a rapidly changing economic environment. The additional service data will also enable Eurostat to publish a new total production indicator.