

Economic and Financial Committee

*Status Report
on Information Requirements
in EMU*

Brussels, 10 November 2009

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ECOFIN Council Conclusions on EU Statistics

2972nd ECONOMIC and FINANCIAL AFFAIRS Brussels, 10 November 2009

The Council adopted the following conclusions:

"Following the priorities set-up in the ECOFIN Council on 8 November 2005 on statistical governance, on 28 November 2006 on the reduction of the administrative burden related to statistics and on 4 November 2008 on the Status Report on Information Requirements, the ECOFIN Council has reviewed the progress made in these areas and endorses the EFC opinion on EU Statistics.

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2009 EFC Status Report on Information Requirements

The Council ENDORSES the 2009 EFC Status Report on Information Requirements in the EMU. In particular, the Council:

- WELCOMES the European Statistical System's (ESS) and the European System of Central Bank's (ESCB) response to the economic and financial crisis. NOTES that the ESS as a whole was able to provide relevant and to a large extent timely statistical information needed for analysing the essential effects of the crisis.
- WELCOMES the progress achieved with the Principal European Economic Indicators (PEEIs) matching most of the targets fixed by the 2002 Communication of the Commission¹, and the ongoing work on the updated and new PEEIs targets fixed in 2008. CALLS UPON the ESS to enhance co-operation in relation to the PEEIs and to step up efforts to fully achieve all PEEI targets, in particular in the area of services, labour market statistics, housing statistics, and the timeliness of the quarterly sector accounts and the feasibility of reliable flash estimates.
- CALLS UPON the ESS to continue its efforts to ensure high quality statistics that are needed for structural analysis according to the needs highlighted by the Economic Policy Committee.
- INVITES Eurostat and the ECB to provide an updated Status Report on the fulfilment of EMU statistical requirements in 2010.
- NOTES that the crisis has emphasised the statistical needs and IS AWARE that Member States should ensure the appropriate level of resources for meeting those needs.

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¹ COM (2002) 661 final, Communication from the Commission to the European Parliament and The Council on Eurozone Statistics "Towards Improved Methodologies for Eurozone Statistics And Indicators"

Revision of SNA and ESA

- The Council WELCOMES the progress made in the revision of SNA and ESA and LOOKS FORWARD to an impact assessment in early 2010.
- While the process is progressing smoothly, the Council CALLS ON Eurostat and the Member States to step up their efforts so that major methodological issues should be resolved before the introduction of the Commission proposal.

GDP and beyond

- The Council STRESSES the need to step up efforts to improve the interlinkages between economic, social and environmental statistics and WELCOMES in this context the contribution of the Commission communication² on “GDP and beyond” and the so called Stiglitz reports and invites the ESS to contribute to these initiatives. "

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² COM(2009) 433 final, Communication from the Commission to the Council and the European Parliament; GDP and beyond – Measuring progress in a changing world



EU Statistics: Key issues in the autumn 2009 - Opinion of the EFC Sub-Committee on Statistics -

1. Following the priorities set-up in the ECOFIN Council on 8 November 2005 on statistical governance, on 28 November 2006 on the reduction of the administrative burden related to statistics and later Conclusion, and on 4 November 2008 on the Status Report on Information Requirements in EMU, the EFC Sub-Committee on Statistics has reviewed the progress made in these areas in preparing the ECOFIN Council in November 2009.

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The 2009 EFC Status Report on Information Requirements in EMU

13. The ongoing financial and economic crisis has generated a number of new challenges for official statisticians. The worldwide nature of the crisis has underlined the global dimension of economic and financial phenomena, the integration of financial markets, and the rapidity of circulation of the information. This has called for a thorough assessment of the role that official statistics has played in the period up to the beginning of the crisis, and the role that statistics has played – and will play – throughout the remainder of it. The Sub-Committee welcomes the initiatives taken by the ESS to meet new and urgent demands, both at national level, EU level, and at global level.

14. The Sub-Committee acknowledges that the ESS as a whole was able to provide relevant and timely statistical information needed for analysing the essential effects of the crisis. In this context, **Principal European Economic Indicators** (PEEIs) have proved to be the main tool for monitoring such events and effects in the EMU and to provide key information in a comparable and readily available fashion. The Sub-Committee recognises that the economic and financial events generated a renewed emphasis on the user need for statistical indicators easily accessible, adequately disseminated, or timely available to which the implementation of

the renewed PEEIs medium-term strategy, as endorsed in 2008 by the ECOFIN Council, will provide a concrete answer in the coming years.

15. The Sub-Committee acknowledges the progress achieved on the 2002 PEEI targets¹, but further efforts are still needed to fully achieve all PEEI targets, the main remaining deficiencies being in the area of **services, labour market statistics, and quarterly sector accounts**. Also work on the 2008 PEEIs targets should continue, notably in the area of housing statistics and reliable flash estimates. Therefore, the Sub-Committee calls upon the ESS to step up efforts in these areas, commit to the renewed targets and enhance the related implementation actions.

16. Further work is also required to trace the statistical consequences of the "domino effects" of financial and economic phenomena encompassing financial, economic, and social statistics, taking into account the new challenges posed by a dynamic, global, and rapidly evolving society. The Sub-Committee calls upon Member States to strictly comply with the scheduled timetable for provision of data and deadlines of European-wide methodological enhancements, like the introduction of the new industry classification (NACE Rev. 2) across statistical domains and to support the work towards the establishment of revision policies for specific areas.

17. The Sub-Committee takes note of the initiatives at international level to create a set of internationally comparable indicators, the Principal Global Indicators (PGIs), on the model of PEEIs and calls the institutions to promote a consistent approach between the PEEIs, PGIs and other related international initiatives.

18. As regards the availability and quality of statistics needed for structural analysis, in line with the Ecofin Council Conclusions on the 2008 EFC Status Report (4 November 2008) and the further refinements by the Economic Policy Committee (EPC) in May 2009, the Sub-Committee welcomes the progress achieved. Major projects such as the revision of the European System of Accounts (ESA) and the **integration of the productivity and growth accounting dataset** (EU KLEMS) in the regular production of the ESS should be pursued, as well as the acceleration of the improvements of quality and comparability of price and volume change measures of GDP and other national accounts aggregates, the comprehensive recording of assets and liabilities of pension schemes in general government and the provision and dissemination of sufficient information on **general government expenditure by**

¹ COM (2002) 661 final, Communication from the Commission to the European Parliament and The Council on Eurozone Statistics "Towards Improved Methodologies for Eurozone Statistics And Indicators"

function (COFOG). The Sub-Committee stresses that high priority user requirements in the area of structural statistics will have to be considered in an evolving context, including the statistical consequences of the crisis, the vision for the next decade of the production methods of EU statistics and the forthcoming renewal of the Lisbon strategy.

19. The Sub-Committee stresses that the progress on PEEIs and structural statistics should be achieved in line with the 2009 Status Report. The Sub-Committee notes that the economic and financial crisis has highlighted the need for readily available, reliable, and relevant statistical information, and the Sub-Committee encourages all Member States swiftly to re-establish the appropriate level of resources for meeting those needs.

20. The Sub-Committee invites Eurostat and the ECB to provide an updated Status Report on the fulfilment of the updated EMU statistical requirements in 2010.

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Revision of SNA and ESA

21. The Sub-Committee welcomes the progress made on the revision of the **System of National Accounts** (SNA) and the **European System of Accounts** (ESA), and notes that the new 2008 SNA will bring the accounts more into line with the new economic environment, advances in methodological research, and the needs of users. The complete 2008 SNA was released on the UN website in September 2009.

22. The ESA is an essential tool used for major administrative purposes in the EU (e.g. own resources, excessive deficit procedure, structural funds) and for the analysis of the coordination and convergence of Member States' economic policies. The Sub-Committee recalls that the revised ESA should be consistent, as much as possible, with the new SNA, but will require a greater accuracy in the definitions, classifications, and accounting rules. Major recommendations of both the SNA update and the ESA revision are related to research and development, military expenditure, goods for processing and pensions.

23. The Sub-Committee welcomes the thorough process whereby the draft proposal for the revised ESA is being prepared and looks forward to Eurostat and Member States stepping up efforts so that major methodological issues are resolved before the adoption of the Commission proposal. A preliminary analysis of the consequences of the new ESA was made available by Eurostat in 2008. The Sub-Committee welcomes that an updated impact assessment will be prepared in 2010 allowing an orientation discussion by the ECOFIN Council Ministers to take place ahead of introduction of the proposal for the new ESA

Regulation foreseen by mid 2010. The adoption of the Regulation by the European Parliament and the Council is planned for 2012. The implementation of the new ESA methodology and related transmission programme is foreseen for 2014.

24. The Sub-Committee notes that the implementation of the new ESA will have consequences on European statistics, including key statistics for policy making and administrative purposes at Community level, as well as consequences on Community legislation. The Sub-Committee considers it essential to move to only **one set of national accounts standards** in the EU when the ESA is revised in order to reinforce quality, enhance clarity and transparency of communication vis-à-vis the authorities (EFC, Finance Ministers) and other users, and increase efficiency, while reducing burden.

25. The revision of the ESA will require substantial efforts in the EU in the coming years, and calls upon Eurostat and the Member States to further intensify their efforts in this area.

GDP and beyond

26. The need to improve available data and to develop indicators used in the public debate and policy-making has been increasingly recognized. The Sub-Committee acknowledges that the so called Stiglitz report² is an important contribution to the ongoing discussion on the use and development of statistics. Many of the initiatives presented in the report have been discussed also in other fora, such as in the context of the “GDP and Beyond” project³. The Sub-Committee stands ready to contribute to the follow-up work regarding these initiatives.

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² Joseph E. Stiglitz, Amartya Sen and Jean-Paul Fitoussi (2009): Report by the Commission on the Measurement of Economic Performance and Social Progress

³ COM(2009) 433 final, Communication from the Commission to the Council and the European Parliament; GDP and beyond – Measuring progress in a changing world

2009 EFC Status Report on Information Requirements in EMU

Executive Summary

On 4 November 2008, in its Conclusions on Statistics, the ECOFIN Council welcomed the progress achieved with the Principal European Economic Indicators (PEEIs) and the amended list of PEEIs, as a result of the review process carried out in 2008, the associated targets on timeliness and quality, and the implementation strategy. The ECOFIN Council called upon Member States and Eurostat to continue to step up efforts to commit to the short- and medium-term targets and the European Statistical System (ESS) to continue its efforts to ensure high quality statistics that are needed for structural analysis. The ECOFIN Council also welcomed the report on progress on the EU KLEMS project, underlining the importance of changing the nature of EU KLEMS from a research driven project to an ESS project. Finally, the ECOFIN Council invited Eurostat and the ECB to provide an updated Status Report on the fulfilment of EMU statistical requirements in 2009 and to give further consideration to the specification of more concrete long-term strategic objectives for PEEIs and to the elaboration of the practical details of the EU KLEMS project. The present report describes the situation in autumn 2009, giving special consideration to PEEIs in the context of the financial and economic crisis.

The main messages conveyed in this report are:

- Some progress has been achieved in terms of timeliness and coverage of the original list of PEEIs, matching most of the targets fixed by the 2002 Communication of the Commission to the European Parliament and the Council. Nevertheless, further efforts are still needed to fully achieve all PEEI targets, the main remaining deficiencies being in the area of services, labour market statistics and quarterly sector accounts.*
- Work is ongoing on the updated and new PEEIs targets fixed after the review of scope, timeliness and quality of PEEIs undertaken in 2008, notably in the area of housing statistics, and prompt availability of key indicators, including the examination of the feasibility to release of euro area “flash estimates”.*
- National Statistical Institutes and Eurostat should enhance their co-operation in relation to the PEEIs, implementing methodological improvements and reaping ESS-wide efficiency gains.*
- Member States are called upon to strictly comply with the scheduled timetable and deadlines of European-wide methodological enhancements, such as the introduction of the new classification of economic activities (NACE Rev. 2) across statistical domains and to conclude the work towards the establishment of harmonised revision policies for specific areas.*
- PEEIs have played an important role in providing information in the context of the financial and economic crisis. Nevertheless further work is required to trace the statistical interlinkages of*

financial and economic phenomena, and thus to also better connect financial and economic statistics, also across countries.

- *Social and environmental statistics and indicators should complete the overall picture to reflect the recent "GDP and beyond" initiative, provided that enough resources are made available after meeting the highest priority statistical needs for EMU policy-making.*
- *Further international work is required to set up a sound, internationally comparable set of key economic, financial and social indicators for policy making and monitoring purposes (on the model of PEEIs), as highlighted by the consequences of the "domino effects" of financial and economic phenomena on financial, economic and social statistics, taking into account the new challenges posed by a dynamic, global and fast-speed evolving society.*
- *Some progress has also been achieved in enhancing the availability and quality of statistics needed for structural analysis. Major projects such as the revision of the European System of Accounts (ESA) and the integration of the productivity and growth accounting dataset (EU KLEMS) in the regular production of the ESS should be pursued, as well as the acceleration of the improvements of quality and comparability of price and volume change measures of GDP and other national accounts aggregates, the comprehensive recording of assets and liabilities of pension schemes in general government and the provision and dissemination of sufficient information on general government expenditure by function (COFOG).*
- *The medium- to long- term PEEIs strategy, as well as the high-priority user requirements, in the area of structural statistics will have to be considered in an evolving context, including the statistical consequences of the financial and economic crisis, the vision for the next decade of the production methods of EU statistics and the forthcoming renewal of the Lisbon strategy.*

Principal European Economic Indicators (PEEIs)

In 2009, further progress has been achieved towards the **PEEIs targets** as fixed by the Commission Communication of 27 November 2002 and reviewed in 2008. The results in terms of timeliness and coverage achieved in the previous years have been consolidated and other quality aspects have been further strengthened. The main improvements since the 2008 Status Report are:

- further harmonisation of the methodologies of national HICP and enhancements of communication aspects of inflation measurement;
- further co-ordination of the release of GDP flash estimates;
- the extension of the regular release of quarterly sector accounts;
- methodological improvements of labour market statistics (e.g. an improvement of the methodology for the calculation of monthly unemployment rates);

- further advancement in the simplification of Intrastat and adjustment of Extrastat to the Modernised Community Customs Code.

The original **targets** in terms of timeliness and coverage fixed by the 2002 Communication of the Commission have been achieved for almost all PEEIs. Only one indicator (out of the original list of 19 PEEIs) is not yet available: corporate output price index for services, where numerous derogations ran until August 2009. Data are starting to arrive and a reasonable level of coverage will soon be achieved. Three other PEEIs are still behind the original PEEIs targets in terms of timeliness: households and company accounts (quarterly sector accounts), job vacancy rate and employment (national accounts concept). In particular the absence of timely national accounts employment data, including hours worked, hampers the economic analysis of labour market developments during the crisis and the recovery, as national labour market policies differ significantly in terms of reducing the work force or working hours. The overall situation, however, demonstrates the success of the efforts devoted to the PEEIs initiative and the concomitant results achieved for key European short-term indicators.

Work progressed also with respect to the **short and medium-term targets fixed in 2008** as a result of the review of scope, timeliness and quality of PEEIs. In particular, practical compilation aspects are explored in the area of housing statistics, the new sub-domain introduced in 2008, and in specific other areas (e.g. GDP flash estimates at T+30 days).

Further progress has also been achieved on **horizontal and co-ordination issues**, notably:

- The revised statistical classification of economic activities **NACE Rev 2** has been successfully implemented in short-term business statistics and in several areas of labour market statistics and has further advanced with the proposal for the draft implementation regulation in national accounts. The implementation of the revised classification is a very complex undertaking that has required, and will continue to require, a close coordination within the ESS.
- Some progress has been achieved in defining elements of harmonised PEEIs **revision policies**. These elements suggest the establishment of domain-oriented revision policies based on broad common principles.
- A concrete and detailed proposal for a harmonised revision policy in national accounts and balance of payments has been analysed and discussed with Member States and the steps forward have been identified. However, more progress is needed.
- Further progress has been achieved concerning **seasonal adjustment**, in particular in disseminating the relevant guidelines, in implementing the relevant recommendations (e.g. for quarterly national accounts), in training European statisticians and in improving IT tools.
- Concerning **flash estimates**, the joint ECB-Eurostat Workshop on GDP flash estimates contributed to defining the framework towards the regular production of GDP flash estimates at T+30 days, in line with the medium-term PEEIs targets. The workshop showed that reliable GDP flash estimates after T+30 days are in principle feasible as evidenced by the positive

experiences by some NSIs, but, at the same time, that the reliability of such estimates may be questioned according to the experience of some other NSIs. It also recognised the constraints imposed by staff shortages in NSIs, as well as the risk related to the trade-off between timeliness and reliability. Moreover, the workshop identified the need to invest in the communication aspects and to create a “flash estimates” culture in order to manage user expectations (‘the right estimate at the right time’). Finally, it stressed the interest of key users in such a project as this improvement in timeliness would better address policy-making needs. A test period more specifically is now needed to analyse the feasibility and reliability of euro area GDP flash estimates at T+30 days.

The ongoing **financial and economic crisis** has generated a number of challenges for official statisticians. They have been confronted with an increased number of requests from policy-makers to improve the provision of relevant statistical indicators in a timely and reliable fashion.

The **ESS's reaction** to the crisis and its overall framework for action has been fixed around three axes:

- a) the **ESS Action Plan** on the accounting consequences of the financial crisis (to enhance co-ordination of statistical authorities, to enhance communication, and to address specific methodological issues – e.g. recording of public interventions).
- b) the **regular production of key short-term economic indicators** (notably PEEIs) and the related co-ordinated developments at international level (Principal Global Indicators – PGIs - PEEIs have served as a model for the development of the PGIs).
- c) a critical analysis of methodological and practical aspects related to the statistical production process (**re-engineering of the business architecture of the ESS**).

The worldwide nature of the crisis has underlined the **global dimension of economic and financial phenomena**, the integration of financial markets and the rapidity of circulation of the information. All these aspects call for a global statistical view of the economic and financial reality. The European Statistical System (ESS) has acknowledged these challenges and is stepping up efforts to expedite the changes already under way, including the modernisation of the business architecture for the production of official statistics.

In this context, the establishment of **long term objectives** for PEEIs has to take into account that:

- the revised Regulation on European Statistics has substantially improved the legal framework for the development, production and dissemination of European statistics and enhanced the possibility to cooperate with the ESCB.
- the economic and financial crisis has put under scrutiny short-term key indicators.
- the new vision for the next decade of the production method of EU statistics (COM(2009) 404 final) by the ESS proposes a re-engineering of the business architecture of the ESS.

The **PEEIs should be considered as a coherent set of indicators** produced by the ESS, complementing the monetary and financial indicators provided by the ESCB with the objective of providing a sufficiently complete picture of economic and financial developments.

Statistics for structural analysis

Further progress has been achieved concerning statistics for structural analysis since the endorsement of the 2008 EFC Status Report by the ECOFIN Council.

In 2009, the Bureau of the United Nations Statistical Commission endorsed the update of the **System of National Accounts** (2008 SNA), the international methodological reference for the compilation of national accounts. Meanwhile, the revision of the **European System of Accounts** (ESA) has progressed towards the target of having the Commission proposal adopted by June 2010. New rules for recording **assets and liabilities of pension schemes** are also part of the revised SNA and will be covered by a separate chapter in the revised ESA. A joint Eurostat/ECB task force has continued its work on this subject, in particular to define clear rules on how to classify and record unfunded government-sponsored pension schemes.

Further progress has been achieved concerning **price and volume measures** of GDP and other national accounts aggregates, and efforts will focus now on further specifying and implementing output methods that are solid theoretically and that can be applied consistently by all Member States, in particular in the context of the revision of the ESA.

The financial and economic crisis highlighted the importance of **labour market statistics** for economic and monetary policy, in particular with a view to the level and structure of labour demand and supply, possible mismatches and turnover processes. Achieving consistency between labour market statistics and national accounts continues to remain a priority target and the necessary methodological work needs to be stepped up, notably for strengthening the reliability of productivity growth analysis for the EU.

Significant steps forward have been realised towards the availability of detailed data on **government expenditure** by function (COFOG level II). Nevertheless, further work is still needed in this context and countries are called to commit to their plans both for data transmission and dissemination, in particular concerning the level II details on social protection, health and education. These requirements are intended to be part of the regular ESA transmission programme in the future.

Recognising the need for an enhanced availability of statistics on the **public sector**, comprising the general government sector plus public (non-financial and financial) corporations, in September 2008, Eurostat started, on a trial basis, the collection of a limited number of variables for public corporation following national accounts standards. A further refined questionnaire was launched in September 2009 and it is envisaged to collect data for public corporations on a mandatory basis through the revised ESA transmission programme.

Eurostat and the ESS are developing together the medium-term strategy for price statistics. The reengineering of the business architecture will take into account the increasing need for what can be described as a "**structural approach to price statistics**" and for increased integration of HICP and PPP data and methodologies.

Developments in **population statistics** are driven by an increased policy focus on the long-run socio-economic impacts of demographic change and by the necessity to monitor the implementation of the European Pact on Immigration and Asylum. Several actions have been developed by Eurostat in cooperation with Member States with a view to improving the availability and quality of the statistics necessary to support policies in these areas. These actions will be complemented by a legislative framework for demographic statistics, for which the discussion with Member States will start during the second half of 2009. Work is also ongoing to complete the implementation of the Regulation of the European Parliament and of the Council on "Community statistics on **migration and international protection**" (Regulation (EC) No 862/2007). The first annual data on migration flows, foreign population stocks and acquisition of citizenship to be supplied under this Regulation should be transmitted to Eurostat by the end of 2009.

The **EU KLEMS** implementation plan endorsed by the ECOFIN Council in November 2008, has aimed at fostering the production at European level of detailed productivity measures. It has established a roadmap towards the smooth incorporation of the EU KLEMS dataset in the regular production of the ESS. In view of the achievement of this target, and following the invitation of the ECOFIN Council, Eurostat, in close cooperation with National Statistical Institutes and main users (ECB and Commission services – DG ECFIN), outlined the way forward, including the questions of financing. Nevertheless, both NSI and Eurostat are urgently called upon to become more actively involved in the establishment, regular update and maintenance of this dataset.

The initiatives associated to the "GDP and beyond" project sponsored by the European Commission (Commission communication on "GDP and beyond - Measuring progress in a changing world", COM(2009) 433 final of 20.08.2009) emphasised the links between traditional macroeconomic statistics, **social statistics** and **environmental statistics**. This calls upon further efforts to establish integrated accounts and a core set of indicators in these areas, provided that enough resources are made available after meeting the highest policy statistical needs for EMU policy-making.

This overall framework would call upon ESS stakeholders to continue the further development of enhanced methods or consider developing new methods for the production of statistics that could rely more and more on collaborative networks, multiple sources, data warehouses, sharing of information, prioritisation and appropriate allocation of resources.

PEEIs – Summary benchmarking table

Principal European Economic Indicators	Current release of European aggregates	Legal date of transmission from MS to Eurostat	Target date of transmission {2008 revised targets}	Best 3 EU MS	Best 3 Euro Area MS
Set 1: Consumer Price Indicators					
1.1. Harmonised Consumer Price Index: MUICP flash estimate	0 (>95% EA)	--	0	-7 EL -2 BE, LU -1 all others	-7 EL -2 BE, LU -1 all others
1.2. Harmonised Consumer Price Index: actual indices	14-16 (100%)	30	17	-2 BE 7 CY, EL, SI	-2 BE 7 CY, EL, SI
Set 2: Quarterly National Accounts					
2.1. Quarterly National Accounts: First GDP estimate	45* (~95% EA, ~89% EU)	70	45 {30}	24 UK 28 LT 29 BE	29 BE 44 ES 45* DE, EL, FR, IT, CY, NL, AT, PT, FI
2.2. Quarterly National Accounts: GDP release with more breakdowns	64 (~97% EA, ~96% EU)	70	60	45 FR, NL, AT	45 FR, NL, AT
2.3. Quarterly National Accounts: Household and Company Accounts	121 (99% EA, 96% EU)	90	90	71 SI, 77 DE, 86 SE	71 SI, 77 DE 90 all others but BE, IE, FR, IT, CY and MT
2.4. Quarterly National Accounts: Government Finance Statistics	96 (100%)	90	90	62 SE 69 SI, 75 DE	69 SI 75 DE, 81 CY
Set 3: Business Indicators					
3.1 Industrial production index	42 (~93%)	40 large MS 55 small MS	40	29 PL 30 LT, PT	30 PT 36 ES 38 DE, IT, NL, SI, FI
3.2 Industrial output price index for domestic markets	34** (~96%)	35 large MS 50 small MS		15 CZ, DK 17 FI	17 FI 20 DE, SI
3.3 Industrial new orders index	56*** (~97%)	50 large MS 65 small MS	50 (40)	29 PL 36 DK, RO 37 DE, PT	37 DE, PT 42 NL
3.4 Industrial import price index	[38]	45	45	15 DK 17 FI 23 DE	17 FI 23 DE 29 NL
3.5 Production in construction	49 (~95%)	45 large MS 60 small MS	45	27 PL 38 BG, DE, FR, RO, UK	38 DE, FR 42 PT
3.6 Turnover index for retail trade and repair	35** (~99%)	30	30	24 ES 27 LT, PL	24 ES 28 LU 29 FR, FI
3.7 Turnover index for other services	59 (~87%)	60	60	38 RO 45 FI 48 DE, ES	45 FI 48 DE, ES
3.8 Corporate output price index for services	na	90	60	17 FI 45 EE 50 SE	17 FI 75 IE 79 IT, SI
Set 4: Labour Market Indicators					
4.1 Unemployment rate (monthly)	30 (~85% EA, 86% EU)	--	30	19 FI 26 DE	19 FI 23 SE 26 DE
4.2 Job vacancy rate (quarterly)	74	--	45	21 UK 42 RO 43 DE, LU	43 DE, LU 44 NL
4.3 Employment (quarterly)	75 (~98% EA, ~86% EU)	70	45	30 DE 43 UK 44 AT, SK	30 DE 44 AT, SK
4.4 Labour cost index (quarterly)	74 (96% EA, 97% EU)	70	70	47 PT 63 EL 64 CZ, NL, RO, SK	47 PT 63 EL 64 NL, SK
Set 5: External Trade Indicators					
5.1 External trade balance: intra- and extra-MU; intra- and extra-EU	48 (100%)	40	46	28 SE 28 CZ 34 ES	34 ES 35 MT 36 BE, FR

Legend: coverage of euro area in brackets na = not available

* 2.1 First GDP estimates: common release date at t+45 days

*** Longer delay due to the Ascension Day (21 May) weekend

** Longer delay due to 1st May 2009 weekend.

[xx] available at xx days but not yet released at European level

PEEIs – Summary benchmarking table - continued

Principal European Economic Indicators	Current release of European aggregates	Legal date of transmission from MS to Eurostat	Target date of transmission	Best 3 EU MS	Best 3 Euro Area MS
Set 6: Housing Indicators					
6.1 Residential property price index	na	--	90	-	-
6.2 House sales	na	--	90	-	-
6.3 Building permits	89	90	90	21 MT 30 RO 29 LT	41 PT 52 FI 55 LU

Legend: na = not available

Implementation Plan for PEEIs

PEEIs	Main improvements (availability, timeliness, quality) required by the 2008 Status Report	Results achieved	Short and medium-term targets	Deadline
1.1. Harmonised Consumer Price Index: MUICP flash estimate (euro area)	A decomposition into energy and non-energy should be explored	Study ongoing	Decomposition into energy and non-energy depending on the outcome of the study Investigation into further breakdown of food, energy, non-energy industrial goods and services considering that this is a long term objective.	2010
1.2. Harmonised Consumer Price Index: actual indices	Enhance communication: develop website targeted at concerns of general public; educational material on price measurement; release of information on differences between HICPs and CPIs Index for "Out of pocket" purchases (FROOPP) Implementation of agreed quality adjustments standards for specific products	Improved HICPs communication New website launched, HICP booklet published Publication: SiF and regular publication of data for EU and EA aggregates Final report of CENEX group delivered March 2009	Further progress on methodological aspects (weights, administered prices, sampling) and communication Implementation of agreed quality adjustments standards for specific products	2009-2011
	Implement strategy for compliance monitoring	Since 2005, compliance monitoring visits have taken place in 17 Member States and visits to 5 further Member States are scheduled for the second half of 2009. In each case, a report summarising the conclusions will be produced for public dissemination on the HICP website	Further progress in the implementation of the strategy Compliance monitoring visits and follow-up on identified issues of non-compliance	2009-2010
	Pilot work on owner-occupied housing.		Start regular production of experimental data.	2010
	Development of constant tax HICP	All Member States (except IE) are currently transmitting an HICP-CT to Eurostat	Publication of overall index at t+45 days (depending on countries contributions). Improvements in timeliness and published detail may be envisaged from 2010	2009-2010
2.1. Quarterly National Accounts: First GDP estimate	Consolidate and enhance the co-ordination of release dates <u>Deadline:</u> 2009	More Member States (BG and RO) aligning to the co-ordinated release date. More Member States transmitting data under embargo for the compilation of European aggregates.	Further consolidate and enhance the co-ordination of release dates. More Member States compiling flash estimates. Flash estimates at T+30 days, in case of a positive outcome of the (2009) feasibility study.	2010 2010 2012
2.2. Quarterly National Accounts: GDP release with more breakdowns	Consolidate improvements (to t+60). Stronger country commitments needed. <u>Deadline:</u> 2009. Implementation of (2009) research agenda for flash estimates of GDP components at T+45 days. <u>Deadline:</u> 2012	Further improvements. Some countries not yet committed (IT). ECB-Eurostat Workshop on GDP flash estimates at T+30 days.	Consolidate improvements (to t+60). Stronger country commitments needed (IT needs to anticipate official transmission). Implementation of (2009) research agenda for flash estimates of GDP components at T+45 days.	2009 2012

PEEIs	Main improvements (availability, timeliness, quality) required by the 2008 Status Report	Results achieved	Short and medium-term targets	Deadline
2.3. Quarterly National Accounts: Household and Company Accounts	<p>Improvement of the quality of the data transmitted. Sharing of data among national compilers.</p> <p>Documentation of sources & methods</p> <p><u>Deadline:</u> 2009</p> <p>Drafting of a sources & methods inventory for national and European quarterly sector accounts.</p> <p>Publication of key indicators by country. Seasonal adjustment.</p> <p><u>Deadline:</u> 2010</p> <p>Methodological work for the decomposition of value into price and volume</p> <p><u>Deadline:</u> 2012</p>	<p>A selection of charts/variables is updated every quarter for analysis/comparison by national compilers.</p> <p>Sources & methods inventories collected from all Member States with no derogation.</p>	<p>Implementation of the agreed Euro Area Accounts (EAA) workplan.</p> <p>Improve quality (sources and methods inventories, data sharing exercise).</p> <p>Foster the publication of national data, starting with a common set of key indicators.</p> <p>Methodological work: review of compilation practices, better timeliness for EAA, real and price change measures for key series.</p> <p>Improved consistency between financial and non-financial accounts.</p>	2010-2012
2.4. Quarterly National Accounts: Government Finance Statistics	<p>Improve the timeliness of the quarterly government non-financial and financial accounts.</p> <p><u>Deadline:</u> 2010</p>	<p>Integrated data on quarterly financial and non-financial accounts for the general government are published on a regular basis in Eurostat's databases.</p> <p>Quality reports are available on Eurostat's web site.</p>	<p>Data coverage to be increased by a small number of remaining countries.</p> <p>Two countries (FR, DE) restrict the publication of their data on early quarters of the year because of quality concerns: these publication restrictions should be lifted.</p> <p>Further improve the timeliness of the quarterly government non-financial and financial accounts and maintain the overall data quality currently achieved.</p>	2010
3.1 Industrial production index	<p>Assess feasibility of flash estimates and co-ordinate release calendars.</p> <p><u>Deadline:</u> End 2008.</p>	Assessment performed.	Further improvement of timeliness.	2010
3.2 Industrial output price index for domestic markets	Investigation into methodological aspects including quality adjustment.	Establishment of a Task Force to address quality concerns and improve harmonisation.	<p>Finalisation of a handbook for compilers of PPIs</p> <p>Timeliness: a medium target of t+30</p>	2010
3.3 Industrial new orders index	Compliant with PEEI targets		Investigate properties as leading indicator.	2010
3.4 Industrial import price index	---		Improve country coverage (notably IT).	2010
3.5 Production in construction	---		---	
3.6 Turnover index for retail trade and repair	<p>Evaluate reliability and causes of revisions and propose improvements.</p> <p><u>Deadline:</u> 2008</p>	Establishment of a Task Force to analyse the causes of revisions and missing data.	Further progress towards the analysis of causes of revisions and missing data estimation.	2009

PEEIs	Main improvements (availability, timeliness, quality) required by the 2008 Status Report	Results achieved	Short and medium-term targets	Deadline
3.7 Turnover index for other services	---		Examine possible switch to monthly frequency	
3.8 Corporate output price index for services	Euro area aggregates <u>Deadline:</u> end 2008.	Substantial improvement of availability due to expiration of derogations for Member States.	Availability of euro area aggregates for all breakdowns required by the regulation. Improvements in timeliness.	2010.
4.1 Unemployment rate	Continuous methodological improvements. Work on indicators to supplement the ILO unemployment rate <u>Deadline:</u> 2008-2012	Methodological improvements for countries not having monthly LFS results Work on supplementary indicators advanced according schedule; testing of indicators	Continuous methodological improvements. Continuation of work on indicators to supplement the ILO unemployment rate	2008-2012
4.2 Job vacancy rate	Further improvements in timeliness and availability. Entering into force of the implementing regulations. Preparation of data transmission under the new legal acts. Sharing of experience and good practice between Member States. <u>Deadline:</u> 2009	Implementing regulations entered into force. Further improvements in data availability. Voluntary implementation of NACE Rev 2 in several countries. Workshop organised to share good practice	Further improvements in timeliness and availability. Preparation of data transmission under the new legal acts. Sharing of experience and good practice between Member States.	2010 2010
4.3 Employment	Improve timeliness. Increase coverage. <u>Deadline:</u> 2009	Regular release of European early estimates at t+75. No further progress on timeliness.	Further improvements in timeliness (notably IT). Increase coverage. European totals for quarterly hours worked.	2010 2009
4.4 Labour cost index	2009: Full implementation of the Commission Regulation extending the scope to cover NACE Rev.1 sections L to O. Implementation of NACE Rev 2. <u>Deadline:</u> 2009 The possibility to enhance coverage to include an index excluding bonuses will be examined thereafter. <u>Deadline:</u> 2010	Available results of the research project on the possibility to compile flash estimates is being investigated Implementation of NACE Rev 2 achieved in all but one country.	The possibility to enhance coverage to include an index excluding bonuses will be examined.	2010
5.1 External trade balance: intra- and extra-euro area; intra- and extra-EU	---	Successful integration of SK into EA in 2009	Release of the indicators at t+46 (yearly average delay)	2010
6. Statistics on the housing market	Regular production and publication of residential property price statistics. Population and housing censuses. <u>Deadline:</u> 2011	Third phase of the OOH pilot study. Progress on the work for residential property price statistics. Methodological and technical preparation for the full enumeration of the housing stock and housing situation of the population	Further progress on housing market statistics. Implementing regulations defining the scope of the expected statistics on housing.	2010 2014

Coordination topics	Main improvements (availability, timeliness, quality) required by the 2008 Status Report	Results achieved	Short and medium-term targets	Deadline
7. Release and revision policy	<p>Continue to consolidate the common release policy for GDP flash estimates.</p> <p>Step up efforts for coordinating the release of quarterly employment.</p> <p>Further developments and implementation of common release and revision policy</p> <p><u>Deadline:</u> 2009-2010</p> <p>Follow-up of the co-ordination of the introduction of the new industry breakdown NACE rev. 2</p> <p><u>Deadline:</u> 2008-2009</p>	<p>Further consolidation of a common calendar for flash estimates of quarterly GDP</p> <p>Work in progress for quarterly employment.</p> <p>First elements of a broad common revision policy.</p> <p>First proposal for a common revision policy for national accounts.</p> <p>Implementing regulations for the introduction of the new industry breakdown NACE Rev. 2 for several PEEIs.</p>	<p>Further developments and implementation of common release and revision policy.</p> <p>Finalisation of implementing regulations for the introduction of NACE Rev. 2.</p> <p>Further implementation.</p> <p>Preparatory actions.</p>	<p>2009/2010</p> <p>2009-2010</p>
8. Seasonal and calendar adjustment	<p>Further progress towards the implementation of the recommendations for quarterly accounts and of the guidelines for seasonal adjustment for PEEIs.</p> <p>Enhanced tool for seasonal adjustment.</p> <p><u>Deadline:</u> 2009-2012</p>	<p>Promotion of the guidelines for seasonal and calendar adjustment of PEEIs.</p> <p>Progress on the development of the enhanced tool for seasonal adjustment.</p>	<p>Further progress towards the implementation of the recommendations for quarterly accounts and of the guidelines for seasonal adjustment for PEEIs.</p> <p>Enhanced tool for seasonal adjustment.</p>	<p>2009-2012</p> <p>2012</p>
9. Data exchange and dissemination	<p>Further improve dissemination and data sharing; apply SDMX standards and guidelines in all Member States.</p> <p><u>Deadline:</u> 2009</p>	<p>Further progress in the implementation of SDMX/EDI (GESMES/TS).</p>	<p>Further improve dissemination and data sharing; apply SDMX standards and guidelines in all Member States.</p>	2009
10. Reliability analysis	<p>Continue regular analysis of revisions in close co-operation between Eurostat and NSIs.</p> <p><u>Deadline:</u> 2009</p>	<p>Analysis of revision in specific PEEIs areas.</p>	<p>Continue regular analysis of revisions in close co-operation between Eurostat and NSIs; improve consistency and reliability and remove bias, if present.</p>	2010
11. Implementation of NACE Rev.2	<p>Achieve fully co-ordinated implementation of NACE Rev.2 from 2008, including timing, coverage and back casting.</p> <p><u>Deadline:</u> 2008-2011</p>	<p>All legal basis for the implementation of NACE Rev. 2 in PEEIs adopted.</p> <p>Implementation of NACE Rev 2 in short-term business statistics, labour cost index and, on a voluntary basis, in job vacancy statistics for most of the countries.</p>	<p>Finalising the implementing regulations.</p> <p>Monitoring fully co-ordinated implementation.</p>	2008 - 2012

Implementation Plan for other ongoing statistical work

Issue	Main improvements required by the 2008 Status Report	Results achieved	Remaining improvements needed	Deadline
Classification of the expenditure of government by function (COFOG)	<p>Further work on harmonisation of concepts and definitions. <u>Deadline:</u> 2008-2009</p> <p>More Member States supplying more complete and timely data at COFOG level II, in particular for health, education and social protection. <u>Deadline:</u> 2008-2009</p> <p>More Member States allowing for the publication of their COFOG level II data <u>Deadline:</u> 2008-2009</p>	<p>COFOG I level data are regularly published in Eurostat's databases. EU27 COFOG I level aggregates released after the latest data transmission for period 2002-2007.</p> <p>All Member States (except Luxembourg) currently provide at least some partial dataset with COFOG level II breakdown (for selected years, variables, sub-sectors of general government or COFOG divisions).</p> <p>COFOG level II data (in some cases only partial datasets) for over 20 countries are disseminated by Eurostat.</p>	<p>Further work on harmonization of concepts and definitions and pending data quality issues</p> <p>All Member States supplying more complete and timely data at COFOG level II, in particular for health, education and social protection.</p> <p>All Member States that provide COFOG II level data allowing their publication</p>	<p>ongoing</p> <p>2009-2010</p> <p>2009-2010</p>
SNA and ESA review	<p>Pursue work in order to finalise Volume 2 of the new SNA.</p> <p>Pursue work on the revision of ESA. <u>Deadline:</u> 2009</p>	<p>Adoption of Volume 2 of the new SNA.</p> <p>Progress on the revision of ESA.</p>	<p>Finalise 2008 SNA and pursue work on the revision of ESA.</p> <p>Commission proposal for the new ESA regulation.</p>	<p>2009-2010</p> <p>2010</p>
Price and volumes measures of GDP and other national accounts aggregates	<p>Member States using non-acceptable methods to remove them <u>Deadline:</u> as soon as possible</p>	<p>Improvements achieved by Member States.</p> <p>Agreement on solutions for price and volume measures, in particular for the new ESA chapter.</p>	<p>Pursue improvement work by Member States</p>	<p>As soon as possible</p>
Statistical framework for the provision of data supporting the assessment of the sustainability of public finances	<p>Eurostat/ECB contact group to design supplementary tables for the reporting of statistics on pension schemes. <u>Deadline:</u> 2009.</p>	<p>Design of supplementary tables to collect data for each category of pension schemes</p> <p>Drafting of a Chapter on pensions for inclusion in the revised ESA Manual</p>	<p>Work on compilation of pension scheme data, voluntary collection of data and conclusions on outstanding methodological issues.</p> <p>Implementation of a harmonised method in the revised ESA</p>	<p>2009-2013</p> <p>2014</p>
EU KLEMS project	<p>Progressive integration of the EU KLEMS dataset in the ESS</p> <p>First release of the statistical module <u>Deadline:</u> 2010</p>	<p>Work on the integration of the EU KLEMS dataset</p> <p>Identification of research agenda topics</p> <p>Launching of preparatory actions in Member States</p>	<p>Progressive integration of the EU KLEMS dataset in the ESS</p> <p>Progress on methodological issues</p> <p>First release of the statistical module</p>	<p>2012</p> <p>2010</p> <p>2010</p>

Issue	Main improvements required by the 2008 Status Report	Results achieved	Remaining improvements needed	Deadline
Structural labour market statistics	<p>Finalisation of the work of the task force on the quality of the LFS.</p> <p><u>Deadline: 2009</u></p> <p>Further work on achieving consistency between labour market statistics and national accounts</p> <p><u>Deadline: 2010</u></p>	Task Force report finalised and endorsed by Directors of Social Statistics	<p>Agreement on an implementation plan for the recommendations of the Task Force on the Quality of the LFS</p> <p>Further work on achieving consistency between labour market statistics and national accounts</p>	2010
Population and migration flows	<p>Implementation regulations for migration statistics</p> <p><u>Deadline: 2009</u></p>	Work to implement the Regulation on migration statistics.	Start discussion to establish the legislative framework for demographic statistics	2009-2010

I. Principal European Economic Indicators (PEEIs)

A - The availability, timeliness and quality of PEEIs

In March 2003, the Commission and the Council submitted to the European Council a comprehensive report on euro area statistics supporting the development of the PEEIs and their full implementation by 2005⁶. The PEEIs cover a list of nineteen key infra-annual macro economic indicators for the euro area and the European Union, for which challenging improvement objectives were set (in terms of timeliness, coverage and other quality features). Five sets of PEEIs were defined: consumer prices, national accounts, business, labour market and external trade indicators. In November 2008, the ECOFIN Council in its conclusions on the 2008 EFC Status Report welcomed the progress realised, particularly in terms of timeliness and coverage, matching most of the original targets fixed for PEEIs. The ECOFIN Council also welcomed the review of the PEEIs, as presented in the amended list of indicators, the associated targets, and the implementation strategy. The ECOFIN Council called upon Member States and Eurostat to continue to step up efforts to commit to the short- and medium-term targets and to sustain them by a regular compliance monitoring, data exchange and an enhanced dissemination and communication of the results. The Council invited Eurostat and the ECB to provide an updated Status Report on the fulfilment of EMU statistical requirements in 2009. This section examines the progress achieved on the availability and quality of the PEEIs in comparison to the situation in 2008⁷.

1. Consumer Price Indicators

The harmonised index of consumer prices (HICP) continued in its role as a reference indicator for measuring price convergence in the EU and price stability in the euro area.

Previous EFC Status Reports have stressed that, since the HICP plays a key role for economic analysis in the European Union, its quality is of utmost importance. In 2009, the ESS worked towards enhancing HICP measures.

Substantial work has been carried out in 2009 to improve the consistency of the HICP databases. Improvements to the model used to produce the HICP Flash Estimates have been introduced. The HICP flash estimate usually includes early price information representing approximately 97.5% of the euro area total consumption expenditure weight, up from 95% in the past.

During 2009, the ESS will develop together the medium-term strategy for price statistics. The strategy should take fully into account the increasing needs for what can be described as a "structural approach

⁶ Joint Report of the Council and the Commission on Eurozone statistics and indicators, 18 February 2003.

⁷ 2008 Status report on Information Requirements in EMU, endorsed by the ECOFIN Council on 4 November 2008.

to price statistics". Projects in 2009 aimed at research on methods for price data collection and enabling the delivery of data on prices for the product market and sector monitoring exercise, performed by the Commission, particularly for the publication of the Consumer Markets Scoreboard 2010. The medium-term strategy should also analyse and describe how the increased integration of HICP and PPP data and methodologies could be achieved, and where it should be supplemented by data taken from other sources. This requires a longer-term perspective and gives an opportunity to modernise data collection practices. The strategy will be fully debated at a conference on price statistics scheduled for October 2009.

Progress in each of the key areas is as follows:

Owner-Occupied Housing (OOH)

Owner-occupied housing remains the highest priority project for the HICP and it is pursued by a series of pilot projects with the National Statistical Institutes. It aims to provide necessary data for a possible inclusion of OOH into the HICP and harmonised house price index data at the European level. Experimental series of house price indices are planned to be released from 2010 onwards.

Eurostat envisages a legal act to insure the continuation of the project after the pilot phase of the OOH project ends. The legal act would take into account the inclusion of quarterly House Price Indices in the list of Principal European Economic Indicators (PEEIs). It is foreseen to be ready for adoption in 2010.

Eurostat is also leading a project for publishing an international handbook on residential property price indices (RPPIs). The RPPI Handbook will describe a wide range of approaches and uses of house price indices, and thus contribute to the methodological development in this field. The draft Handbook is planned to be ready in spring 2011.

Quality Adjustment

The Centre of Excellence on HICP quality adjustment (CENEX), led by the German Federal Statistical Office, has provided a final report and a Handbook on Quality Adjustment. The implementation of the most important recommendations of the CENEX will now be assured by a new Implementation Group, as will the question of whether the existing HICP case-by-case standards on quality adjustment and sampling should be given a stronger legal status.

Implicit Quality Indices (IQIs) are instruments which are useful for assessing the impact of QA (as foreseen in regulation 1749/96, art 9). The development of IQIs (or alternative approaches to follow-up on QA in practice) will be taken-up during 2010.

HICP Compliance Monitoring

The implementation of the HICP compliance monitoring programme continued in 2009. It consists of five elements: the development of country expertise; the collection of improved metadata; enhanced

data analysis; targeted compliance visits; and pilot work on micro-data analysis. Since 2005, compliance monitoring visits have taken place in 15 Member States. During 2009, 2 further Member States have been visited and 5 further visits are in preparation. In 2010, Eurostat will continue the compliance monitoring visits to Member States.

In each case, a report summarising the conclusions will be produced for public dissemination on the HICP website. Where necessary, the recommendations made in the CM Reports are followed-up.

HICP Communications

In a joint Eurostat/ECB effort on an enhanced communication on the measurement and the use of the HICP, a series of actions and activities have been agreed to develop more co-ordinated communication and also to review the relationship between the HICP and the CPIs in the medium-term, in order to develop a strategic framework for the future. Improvements to HICP communication during 2009 include the release of an index for frequent out-of-pocket purchases for the euro area and the EU as from January 2009 and the release of a research study on average prices for selected goods and services in February 2009. Eurostat has continued to develop its website. Both ECB and ECFIN have also introduced enhanced tools supporting their communications on inflation.

Other issues

Eurostat reviewed issues arising from the financial turmoil in a Task Force together with participants from the Member States. The conclusions of the Task Force on the compilation issues for the HICP arising from the economic turmoil have been published on the Eurostat website.

Measures have been taken to further enhance the comparability and accuracy of the HICP. Regulation 330/2009 laying down detailed rules for the implementation of Council Regulation (EC) No 2494/95 as regards minimum standards for the treatment of seasonal products in the Harmonised Indices of Consumer Prices was adopted in April 2009 and must now be implemented. The implementation of Regulation 1334/2007 amending Regulation 1749/96 on quality adjustment and sampling is ongoing.

The issue of weighting will be used as a pilot exercise for assessing whether more restrictive HICP requirements should be put in place (i.e. tighter minimum standards). The draft of a Regulation, which aims at establishing improved minimum standards on weights, in particular annual updating and data source, is being discussed with the Member States.

The work to finalise the HICP manual has started. The production of a consolidated HICP legal text will only be taken-up late 2009.

Work on the construction of indicators on the impact of government measures on inflation is advancing well. As regards the HICP at constant taxes (HICP-CT), regular data production and transmission to Eurostat is in place in 25 Member States. In some MS the production follows a less strict timetable than for the HICP and additional efforts will have to be made to ensure stable and

continuous production. Dissemination on Eurostat's website is scheduled to start in autumn 2009. As regards the HICP on Administered Prices (HICP-AP), regular production should start in 2010. The ESS plans to take over the compilation of the HICP-AP developed by the ESCB and thereby provide, amongst other uses, a single dataset for use in the Convergence Reports of the Commission and the ECB. Preparatory work is ongoing and consists of evaluating the classification of HICP sub-indices as administered or not, as well as setting up the infrastructure for regular production in both the NSIs and in Eurostat.

2. National Accounts Indicators

The provision of quarterly national accounts according to the revised transmission programme associated to the European System of Accounts (ESA95) contributed to further improvements of national accounts indicators. In 2008 and 2009, the co-ordination of the release calendar for **GDP flash estimates** at European level continued to prove successful with more Member States aligning.

The **first GDP release with more breakdowns** for the euro area and the European Union was continuously released shortly after t+60 days, in line with the current PEEIs target. Stronger country commitments, notably from Italy, are still required to increase the coverage of national figures and strengthen the quality of the European estimates.

The implementation of some methodological changes (which mainly involved the allocation of FISIM and the introduction of chain-linked volume measures) in national accounts that started in 2005 is now completed by all Member States. Nevertheless, some transitional problems due to the implementation of the related major revision still persist to some extent (reduced back data, staggered implementation). By consequence, the coverage of such indicators at European level is affected and the associated economic analysis hampered. Countries are urged to respect legal deadlines and asked to fulfil their current PEEI commitments, as well as to transmit data to Eurostat as soon as possible, preferably before the national publication date. Further and stronger commitments appear necessary for a smooth implementation of the short and medium-term PEEIs targets. Countries are called upon to provide the quarterly information on the breakdown of final consumption expenditure of households by durability and, in particular, the breakdown of intra-euro area and EU imports and exports.

Methodological work continued to be carried out with the aim to ensure an increased harmonisation and comparability of country data. In 2009, initiatives in this direction focussed on further elaboration of concrete proposals for a common revision policy for national accounts, coordinated with balance of payments statistics. Countries are called upon to assess the impact of these proposals at national level and to prepare for a transition to a common policy that should be fully implemented at the occasion of the implementation of the forthcoming new ESA Regulation and Balance of Payments Manual 6 (BPM6) in 2014.

Since 1 June 2007, Eurostat and the ECB have jointly released **quarterly sector accounts (QSA) for the euro area and European Union** on a regular basis. In 2009, Eurostat has improved the methodology used to seasonally adjust the key indicators published in its quarterly news release (household saving and investment rates, profit share of non-financial corporations and their investment rate). In the case of the euro area, the set of seasonally adjusted series has been extended to cover the component variables of the key indicators. The design and content of the quarterly news release have been modified accordingly. Moreover, the set of analytical charts disseminated in conjunction with the quarterly release has been extended to cover all sectors of the national economy: households, government, financial and non-financial corporations.

The ECB assesses regularly the economic development of the euro area economy as a whole and the euro area households and non-financial corporations sectors on the basis of the quarterly sector accounts for the euro area accounts (financial and non-financial – Euro Area Accounts) in the Monthly Bulletin (February, May, August and November). Moreover, work on extending the financial balance sheet by non-financial produced assets is progressing well.

In 2009, the coverage of QSA transmissions has improved further with the availability of data from Greece and Ireland. Concerning timeliness, voluntary transmissions of QSA data 5 to 10 days before the official transmission deadline of 90 days have been encouraged to meet the PEEI target of t+90 days for the compilation of euro area accounts. Progress in this field will necessitate the earlier availability of quarterly government statistics and balance of payments data. Eurostat will undertake further work, in the meantime, to move towards the t+90 days targets through the compilation of certain key non-financial indicators at t+100 days.

Other challenges in this area relate to the further improvement of the quality of the data transmitted (including the consistency between financial and non-financial accounts), the documentation of sources and methods used by Member States, the continued sharing of data in order to foster best practices, and the pursuit of further methodological work for the decomposition of value changes into real and price movements, in particular for key transactions, and a more comprehensive approach to seasonal adjustment, covering series from remaining sectors and transactions.

Finally, Member States are encouraged to publish national QSA data, in whole or in part, with a special focus on the households and non-financial corporations sectors. A partial set of quarterly key indicators by country are released by Eurostat as of October 2009, where countries do not object.

The compilation of quarterly **non-financial and financial accounts for the general government** as well as for **quarterly Maastricht debt** confirmed the improvements in timeliness and coverage recorded in the preceding years. However, some countries still restrict the dissemination of **financial and non-financial accounts** for some quarters or variables because of quality concerns.

Eurostat now releases on a regular basis the quarterly non-financial and financial data for the government sector in an integrated manner, showing quarterly revenue and expenditure, net lending or borrowing, transactions and stocks of financial assets and liabilities, and quarterly debt using a similar template as for annual data.

3. Business Indicators

The introduction of **NACE rev 2** and a new base year 2005 were the major task in the last year, which dominated the work on short-term business statistics (STS) in National Statistical Institutes and in Eurostat. NACE implementation is described in section 2 of this report.

The 2008 EFC Status Report recognised at the end of 2008 the progress that has been made on availability and timeliness of short-term business statistics, but called on Eurostat and the Member States to work on various aspects of **quality** for several indicators:

- Retail trade turnover (which suffers rather high revisions)
- Industrial producer price indices (which display surprising divergences between Member States)
- New orders as a leading indicator for production
- Monthly construction (which is often very volatile)

On **retail trade turnover** the STS Working Group in December 2008 approved the mandate of a task force that started its work in April 2009. The issues considered by the task force are: identifying the reasons for high revisions, data editing to eliminate errors, imputing for non-response and grossing up, dealing with cases of enterprises that change structure or activity classification, working-day and seasonal adjustment, etc. Various follow-up actions were agreed with a view to a second meeting in November 2009.

Similarly, on **industrial producer prices** the mandate for a task force was agreed by the STS Working Group in December 2008. This task force has reviewed issues such as price determining characteristics, data editing, non-comparable transactions, the pricing of industrial services, special situations which make it difficult to ensure continuity of pricing (e.g. one-off products) treatment of quality changes, transfer prices, sub-contracting, international out-sourcing, etc. The conclusion is to produce a set of recommended best practices at the beginning of 2010. The outcome of the first meeting of the task force might become an input to a handbook on recommended best practices. A second meeting of the task force is scheduled for October 2009.

Concerning the other two items, Eurostat has carried out, but not finished, some desk research into academic and practical literature on the question of new orders as a leading indicator. On monthly construction, nothing has been done so far.

The **euro area import price index** has been published on a monthly basis since autumn 2008. The main outstanding quality issue for the index is the lack of a contribution from Italy despite its derogation expiring in August 2007.

The availability of **service producer price indices** (SPPI) has substantially improved as derogations allowed in the Regulation have lapsed in batches in August 2008 and August 2009. The series follow NACE rev 2. There are still some gaps, including for the largest euro area countries. Italy in particular has sent less than half of the series which need to be compiled as a matter of urgency.

Development of SPPI was a collaborative venture in which all National Statistical Institutes participated to learn from each other. The four task force meetings were very successful and the group has fully achieved its mandate. Eurostat and the Working Group agreed that the task force does not need to meet again in the same form. Instead the next step is for a smaller group to update the 2005 joint Eurostat/OECD "Methodological guide for developing producer price indices for services", in order to take account of all the experience gained since 2005 in the EU and other OECD countries.

The **MEETS** programme (Modernisation of European Enterprise and Trade Statistics) includes modules on short-term statistics in which Eurostat with the National Statistical Institutes seek ways to produce good or better statistics more efficiently, thus with less cost for statistical offices and less form-filling burden on businesses.

4. Labour Market Indicators

Significant improvements were achieved in the methodology underlying the calculation of **monthly unemployment rates** in those cases where no direct estimates from the Labour Force Survey (LFS) are available. Austria and Italy completed methodological studies to derive monthly unemployment rates directly from the LFS. Both countries are preparing implementation of these promising improvements. Other Member States are encouraged to intensify work on the direct LFS-based estimation of the monthly rates. Member States are also invited to work towards a LFS design using representative weekly samples. This would provide the pre-condition for a European sampling approach for the estimation of the monthly unemployment rate.

For the **quarterly labour cost index**, there were improvements in timeliness in several Member States. Currently, only Belgium does not regularly meet the target release date of $t+70$. The changeover to NACE rev.2 was completed in June 2009. Member States whose derogations regarding the extension of industry coverage (NACE sections O to S) came to an end fulfilled their legal obligations, but the quality of the new data sets needs to be investigated. Eurostat suspended the publication of the seasonally adjusted European aggregates as a few Member states had not provided the appropriate input data. In general, further work is necessary to improve the quality of the labour cost index, in particular the quality of the hours worked component. The latter has a particularly high impact on the evolution of the index during the current economic crisis.

Improvements in terms of coverage, methodology and timeliness of national data have been recorded for **national accounts employment data**. In particular, the timeliness of the European aggregates for the activity breakdown has improved and these data are now published together with the first total employment estimates. Nevertheless, the release of European aggregates continues to be published around t+75 days after the reference quarter, well beyond the t+45 days PEEI target. The achievement of the release target depends on stronger commitments by Member States, notably from Italy. Efforts to improve methodological compliance are requested from the United Kingdom. Moreover, further engagements from the Member States (in particular the United Kingdom) are still urgently needed towards the release of quarterly employment in hours worked for the European aggregates. These efforts will have obvious synergies with the work required for the quality improvement of the Labour Cost index.

Since the beginning of 2009 the regulatory framework for the production of **quarterly job vacancy statistics** is in force. It is now essential that Member States fully implement the legal requirements in order to be prepared to start the compulsory data transmission under the regulation no later than with 2010 Q1 figures.

5. External Trade Indicators

Timeliness and availability of external trade indicators fulfil the PEEIs requirements. All Member States meet the legal deadlines since 2005, except for *ad hoc* problems leading to minor delays. However, further efforts are still necessary to consolidate the quality of the compiled figures. Timeliness of the release of EU aggregates complied with t+48 days.

The main challenge for external trade statistics in the medium term is to implement the burden reduction measures resulting from the new Intrastat Regulation and to adjust the Extrastat system to the simplifications of custom reporting introduced by the Modernized Community Customs Code without compromising unduly the quality of the external trade statistics.

Intrastat

The November 2008 ECOFIN Council conclusions on EU Statistics stressed the need to continue, without jeopardizing the quality and availability of essential data for policy making in the EU, the efforts on reduction of response burden, simplification and priority setting. In line with these conclusions and using the results of an extensive analysis of the quality implications of different simplification options the Commission has prepared an Amending Intrastat Regulation, which has been adopted by the Council and the European Parliament in spring 2009⁸. The new legislation introduces a reduction of the coverage ratio for the arrival flows in intra-Community trade from 97% to 95% with the potential of exempting from the reporting obligation of up to 190 000 European enterprises. The full effect of this new legislation is expected in 2010.

⁸ Regulation (EC) No 222/2009 of the European Parliament and of the Council of 11 March 2009.

Even if the scope for further significant burden reduction in the short term is limited, the Commission has to continue its work on long term solutions such as the single flow reporting, the modernization and simplification of classifications, better use of administrative data and development of advanced e-solutions for compiling statistics. These intentions are reflected in the new Intrastat legislation and in the multi-annual programme MEETS.

Extrastat

The simplifications envisaged in the Modernized Community Customs Code, especially with regard to the possible authorization for centralized customs clearance and self assessment, might have significant implications on the comprehensiveness and quality of statistics on trade with non-EU countries. The new Extrastat Regulation adopted by the Council and the European Parliament in spring 2009 introduced solutions which will ensure, under the new customs rules, the reliability of statistics. As the full implementation of the new Extrastat system can be achieved only on the basis of a harmonized approach between statistics and customs, the authorities have to coordinate and cooperate closely on EU and national level.

6. Housing Market Statistics

In view of the increasing demand for high quality housing market statistics, the list of PEEIs has been extended to include residential property prices, house sales and building permits. One of the most promising developments in this field is the continuation by the ESS of the pilot project for compiling a price index on owner-occupied housing (OOH). The pilot project aims to provide harmonised data at the European level and to further develop the indices.

It is stressed that the regular production and dissemination of residential property price statistics is important regardless of the final decision on the treatment of owner-occupied housing in the HICP. In order to ensure the regular EU-wide production and publication of this new statistical product, a legal basis will need to be established at the EU level.

Next to house price data, transaction data – at quarterly frequency – are necessary to assess the dynamics of housing market activities. This comprises both the **number of residential dwellings sold** as well as the **transaction values**, e.g. in the context of analysing housing financing. Currently, statistics on transaction values constitute an important gap in the field of non-financial housing statistics. Data on the number of transactions are available for several EU countries. However, these data stem from various sources and may not be comparable. The aim should be harmonised statistics for the number of house sales at least at a quarterly frequency and within three months after the reporting period (cf. revised list of PEEIs).

In the area of short-term housing market statistics, which are provided by NSIs, the large revisions of **building permits** are still an important shortcoming (cf. revised list of PEEIs). A significantly improved reliability of early reported building permits would facilitate its use as a proper leading

indicator for construction activities. Countries are asked to step up their efforts and improve the reliability of building permits data. As regards **construction price statistics**, a complete set of both input and output price indices is desirable. Currently, only the provision of input cost indices (construction input price index) is obligatory, whereas output price indices can be used as proxies in cases in which input price indices are not available. Construction output price indices with a monthly frequency and a good timeliness would also be required for deriving price indices for self-built houses and for maintenance and major repairs.

Moreover, a proper analysis of the housing market calls for information on the **housing stock**. This involves data on the number of dwellings (at quarterly frequency) and in particular, data on the value of the housing stock. The latter is not explicitly mentioned in the revised list of PEEIs, but the recently revised ESA95 Transmission Programme (Table on Balance sheets for non-financial assets, annual data with a timeliness t+24 months) requires NSIs to provide data on the capital stock in dwellings owned by households and non-profit institutions serving households (excluding land). Although not mandatory, NSIs are encouraged to provide data also on the stock of the underlying, residential land on a voluntary basis, at least for households and Non-profit Institutions Serving Households. This would facilitate the compilation of households' housing wealth (including land), which is an important variable for economic analyses since it can have significant effects on households' portfolio decisions.

Finally, it should be noted that population and housing censuses in EU countries are planned for 2011. They will be based on Regulation (EC) No 763/2008 of the European Parliament and of the Council of 9 July 2008 on population and housing censuses (OJ L 218, 13.8.2008, p. 14-20). Data will become available not before early 2014.

B - Progress on specific issues/areas

One of the key elements of the European approach for the PEEIs from the outset has been the promotion of the co-ordination and harmonisation at European level on specific relevant topics aiming to foster the methodological progress in identified areas, to enhance data exchange and dissemination, to facilitate the introduction of major methodological changes – notably across statistical domains – and to share best practices among producers of statistics.

Further advancements and enhancements of existing initiatives continue to contribute to the progress on these specific issues. Moreover, the continued quest for quality of PEEIs naturally implies co-ordinated approaches of the production process of PEEIs, at national and European level.

Since autumn 2008, further progress has been achieved in the common areas that are part of the PEEIs strategic approach.

This section summarises the main progress achieved and the main initiatives undertaken in relation to the implementation of the revised classification of industries NACE Rev. 2, the definition of a harmonised revision policy, seasonal adjustment and flash estimates.

1. Implementation of NACE Rev 2

The introduction of the revised statistical classification of economic activities, NACE Revision 2 (NACE Rev 2), is central to the ESS's ongoing efforts to maintain the relevance of concerned statistics, and in particular PEEIs, by taking into account structural changes in the economy. The new classification concerns, directly or indirectly, most of the PEEIs, and its implementation requires a coordinated approach, by statistical areas and across different statistical domains.

NACE Rev 2 was established by Regulation (EC) No 1893/2006. The legal act foresees specific regulations for implementation in the various areas detailing the respective contents and the timetables.

Due to the number of PEEIs statistical domains affected by these methodological changes and the potential risk for the availability of a coherent and consistent set of PEEIs, Eurostat has co-ordinated the introduction of NACE Rev 2 and the different implementation phases across statistical domains and within the ESS. In a sequential order, the recoding first involved business registers and surveys, then short-term and structural business statistics and finally national accounts.

The success of the coordinated approach strongly depends on the commitment of Member States and on the strict respect of the agreed timetables. The failure or the delay in the implementation in a single area or country will inevitably affect the achievement of the overall European targets.

The implementation of NACE Rev 2 has already started in 2008 and will end, with the switch of national accounts, in 2011.

The following paragraphs report on the current status of the implementation of NACE Rev 2 in the three major areas of key short-term statistical indicators concerned (national accounts, short-term business statistics and labour market statistics).

- National accounts

National accounts will be the last statistical domain to move to NACE Rev 2 since national accounts are compiled using basic statistics that have to implement the revised classification first. The implementation regulation is entering the legislative path and is due to be endorsed by the ESS Committee in October 2009 (the same regulation covers the implementation of the revised Classification of Products by Activity - CPA).

The regulation foresees the first transmission of national accounts data by September 2011 (main quarterly and annual aggregates) and the progressive implementation throughout the national accounts

according to the transmission timetable of national accounts aggregates. Longer time series are due by September 2012.

Although national accounts data in line with the NACE Rev. 2 is only due in 2011, the implementation of the revised classification may potentially be affected by the unavailability of the breakdowns of basic statistics according to the new classification according to the foreseen time schedule. In addition, national accountants have to ensure the regular production of national accounts according to NACE Rev. 1.1 combining in an appropriate way basic information classified partly according to the old and partly to the revised NACE.

Therefore, it is very important that Member States fully adhere and commit towards the timetable of the forthcoming implementing regulation and ensure the availability of the basic statistics necessary to compile national accounts figures according to the new classification. Transition to the NACE Rev. 2 ahead of the European releases must also be avoided, in order to prevent incomparable national data.

- *Short-term business statistics*

The introduction of NACE Rev 2 and a new base year 2005 dominated the work on short-term business statistics in national statistical offices and in Eurostat in 2008-2009. In fact the changeover went rather smoothly thanks to the commitment and efforts of the key actors of the process, both at national and European level. This success is partly due to the long and coordinated planning process since the middle of 2007 and partly to the final efforts put in place before the switching deadline.

Delivery of the new monthly series started with the first data for January 2009, therefore between the end of February and the end of March depending on the indicator. Several countries were a few days late with this first transmission, and there were some teething problems. One month later, almost all NACE 2 series arrived in accordance with the deadlines specified in the STS Regulation. Nevertheless, a small minority of countries have not been able to send NACE 2 data and so NACE 1.1 data were used as proxies. Quarterly series also switched over relatively smoothly, with the first quarter data in May-June 2009.

Generally, national statistical authorities succeeded in compiling backdata to 2000 in accordance with the Commission Regulation on backcasting (472/2008), although in some cases with a delay. That regulation allowed for bilateral agreements authorising a first reference period later than 2000 especially where NACE rev 2 is more detailed or introduces activities previously out-of-scope. In fact these bilateral agreements were only requested in rather few cases.

Overall, the general level of data availability (in terms of indicators provided and level of detail) is at about the same level as under the old NACE Rev 1 system. Most of the time series are currently not as long as before, although for the main aggregates Eurostat has extended time series back on the basis of NACE 1.1 data thereby maintaining the length of the most important European time series.

- *Labour market statistics*

As regards the **Labour Force Survey**, a survey not key for the PEEIs but central to quarterly and structural labour market statistics, only 18 Member States had introduced NACE Rev.2 in 2008 according to schedule. The other 9 countries made the changeover only in 2009. As a consequence, the calculation of European aggregates according to the new classification was delayed by more than one year.

As to **employment** according to the national accounts concept, the timetable is the same as for national accounts with a first delivery scheduled by September 2011.

For the **Labour Cost Index**; the changeover took place as planned with the release of Q1 2009 data in June 2009. All Member States except Ireland provided the new breakdown on time. The publication of the seasonally adjusted data had to be suspended by one quarter.

While the transmission of quarterly **job vacancies** becomes compulsory only from 2010, most Member States have started sending NACE Rev.2 data starting from the reference period 2009 Q1.

2. Revision policy

Since the beginning, the PEEIs approach has recognised the importance of co-ordinated revision policies, in particular in establishing how often, how deep and when to revise PEEIs.

The work already started for some PEEIs in the previous years and has been enhanced since autumn 2008 with a concrete proposal for a harmonised revision policy for national accounts and balance of payments and with the initial elaboration of first elements of a broad harmonised revision policy for PEEIs.

- *Broad harmonised PEEIs revision policy – first elements*

The coexistence of the different nature of PEEIs and the similarity of their production processes point to the elaboration of a harmonised revision policy characterised by broad enough principles to encompass the specific characteristics of single indicator/area revision policies and being, at the same time, common guiding principles. To achieve such a target it is also necessary to establish a common revision language and refer to a common typology of revisions so to take in due consideration all possible variants of the problem.

The first steps that Eurostat is undertaking on this subject go exactly in this direction and rely on a structured approach that evolves within the above mentioned broad constraints.

In this sense, the first elements to set up a harmonised revision policy for PEEIs could be identified in the following aspects:

- consider the revision of statistical data as part of the production process, and recognise the need to revise statistical data, with the exception of duly justified cases;

- need to establish an appropriate typology of revisions, allocate revisions occurrences to the identified categories and treat them according to the respective guidelines;
- the importance to run a stock-taking exercise and an analysis of the existing revision practices at national and European level as preliminary step to set up a specific area revision policy;
- identification of the constraints generated by legal requirements and PEEIs targets on the delivery timetable;
- acknowledgement of the link between revision and release calendar;
- establishment of a reasonable compromise between revisions and stability of the statistical indicators;
- the importance of coherence between national and European revision policies;
- the importance of the analysis of revisions as key input in the quality assessment of the statistical production process;
- the importance to establish appropriate revision database and a real time database for PEEIs;
- the role of communication on revisions;
- the importance for a revision policy to ensure quality (high standard in the compilation) and flexibility (ensuring Member States and statistical domains a reasonable degree of freedom in fixing their revision policy, keeping into account specific characteristics of the national statistical system and of the indicators).

These reference elements contribute to the definition of broad revision principles that could be summarised in the definition of **domain specific revision policies** articulated around three principles:

- a) **revision strategy**: this principle establishes the need to have a harmonised policy covering the practical aspects related to revisions, in particular coordination of releases, coordination of the impact of revisions on time series, consistency with basic statistics.
- b) **revision analysis**: this principle establishes that revisions have to be analysed to give a better understanding of the changes in measurement of statistical indicators and fixes a common set of indicators to perform such analyses.
- c) **communication on revisions**: this principle establishes the need to inform users in an appropriate way about revisions, their implementation and their impact on key macroeconomic indicators.

These broad principles should represent the guidelines in the development of domain specific revision policies for PEEIs. Nonetheless, since PEEIs are a system of indicators and not a set of single indicators, the specific domain revision policies have to be coordinated as much as possible to ensure consistency all along the statistical production process.

- *Harmonised revision policy for national accounts and balance of payments*

The broad revision principles and the building up strategy described in the previous paragraph have guided the work on the harmonised revision policy for national accounts and balance of payments.

Based on an in depth analysis of the national revision practices in these domains, Eurostat and the ECB elaborated a proposal for a harmonised revision policy of national accounts and balance of payments. Such a policy distinguishes between major and routine revisions⁹

The national accounts revision policy has been conceived so to be:

- **“comprehensive”**, i.e. covering all dimensions of national accounts and balance of payments and possibly other relevant basic statistics at the same time;
- **aligned** on three important levels, namely:
 - within countries, i.e. at the national level, across the statistical domains of national accounts and balance of payments;
 - among countries and within statistical domains (e.g. timing and depth of revisions);
 - at the European level across the statistical domains national accounts and balance of payments.
- **co-ordinated** with release policy and legal transmission requirements;
- **flexible (during a transition period) in order for Member States to meet statutory or legal requirements**;
- **agreed** in its implementation aspects sufficiently in advance, so as to give NSIs and NCBs enough time to align their practices (among themselves and with the European standard);
- based on the **30-60-90 days** approach to the compilation of quarterly national accounts as part of the national accounts strategy in relation to the PEEI medium-term targets;

⁹ - Major revisions:

- regular– benchmarking revisions: major revisions that take place on a regular basis - five to ten years - to incorporate results of changes in surveys and/or in estimation procedures, of new basic data sources, integrating the results of new censuses and/or of new estimation methods. These revisions are normally referred to as benchmark revisions and rely on a deeper and detailed analysis to compile the entire set of national accounts. A benchmark revision normally implies a change in the reference year for volume measures.
- occasional revisions: revisions that derive from major methodological changes in national accounts, like changes in concepts and definitions and/or in the classifications used (examples are the adoption of a new accounting system - like the introduction of ESA 95 - or the use of a new nomenclature - like the introduction of NACE Rev. 2).
- Routine revisions: revisions characterised by high periodicity - annual or infra-annual - and certain release and undertaken to reflect the need to incorporate new available regular information that gradually completes the basic set of statistics on which the compilation of national accounts is based).

- **centred** on appropriate revision windows for routine revisions, annual and quarterly, as well as related deadlines in the production process. Requiring a **European wide co-ordination** as to major occasional revisions.

The proposed revision policy suggests that the discussion on the alignment of national revision policies across domains is taken before the formulation of a common European policy, so as to overcome a perpetual source of vintage differences in national data and, hence, in European statistics. This may imply an intensified collaboration between national accountants and balance of payments compilers at the country level.

The project for a common revision policy for national accounts and balance of payments statistics is ambitious and requires, for its full implementation, a change in the production system of most Member States. The steps forward foresee an impact assessment at national level of the consequences of the Eurostat and ECB proposal so to provide the necessary input to finalise in concrete terms the proposal itself and the corresponding implementation plan. Member States are called upon to sustain the proposal and to enhance the efforts towards its finalisation and implementation.

3. Seasonal and calendar adjustment

An enhanced harmonisation of seasonal and calendar adjustment practices for PEEIs and for all infra-annual statistics in general, as well as improvements on the communication on seasonal and calendar adjustment, continue to be a high priority in order to improve the quality and comparability of national data as well as to enforce the reliability of European Union and euro area indicators.

In 2009, the initiatives put in place in this area during 2008 continued. The joint Eurostat/ECB Seasonal Adjustment Steering group set up several actions to promote and inform about the set of guidelines for seasonal and calendar adjustment released in 2008. Under the auspice of the Steering group, the development of ESS IT tools for seasonal adjustment started within the framework fixed by the Steering group itself. The European Statistical Training on Seasonal Adjustment also continued successfully.

As already underlined in several occasions, the success of these efforts relies on the implementation of the recommendations by national data compilers and Eurostat in due course. Therefore, it is paramount to set up and follow-up a regular monitoring activity of the implementation of the recommendations so to measure and assess the progress towards the achievement of harmonisation. This holds in particular for the recommendations issued by the joint Eurostat and ECB Task Force on the seasonal adjustment of quarterly national accounts.

The demand of seasonally adjusted indicators has also been extended to cover recent datasets or their selected sub-sets, e.g. key indicators for quarterly non-financial indicators. Methodological analysis and first estimations have been produced in this area.

The increased attention to the impact of calendar effects on short-term key indicators further underlined the importance of a regular compilation and provision of purely calendar adjusted figures. Member States are encouraged to step up their efforts to comply with the corresponding legal requirements, as in national accounts and short-term statistics.

4. Flash estimates

Users' needs, notably those related to short-term analyses, have clearly pointed out that having flash/rapid estimates of key short-term macroeconomic indicators, such as HICP, GDP and employment would better accommodate policy-making and economic actors' requirements. The ongoing financial and economic crisis has further highlighted the importance of more timely information, in particular on official figures released by statistical authorities for the euro area and, possibly, (larger) Member States.

The PEEIs strategic approach has always given prominence to timeliness targets and to the development of flash estimates. The successful release of HICP and GDP flash estimates, in combination with a co-ordinated release policy, contributed to increase the awareness of users and producers of this statistical product, generated peer pressure among National Statistical Institutes and helped managing user expectations.

Since autumn 2008, the methodological work in this area progressed towards the intermediate targets fixed in the medium-term PEEIs strategy for specific PEEIs.

The **methodological project** (Cenex) run by the four statistical offices of France, Italy, Germany and United Kingdom on the development of methods and tools to produce flash estimates of the monthly Industrial Production Index (euro area aggregates at T+30 days), the quarterly GDP (euro area aggregates at T+30) and the quarterly Labour Cost Index (euro area at T+45 days), produced its results. The outcome of the project, without being conclusive, has highlighted the relevance of appropriate timely and hard information to compile reliable flash estimates. In particular, the results of the methodological analysis pointed to the difficulties to produce flash estimates for the monthly industrial production index without anticipating the entire production chain for this indicator; on the other side, more encouraging signals came from the exercise on GDP and, to a lesser extent, for LCI. The work carried out by the four statistical institutes brought information on the experience in NSIs on the flash estimation of these three PEEIs, on the most recent methodological developments in flash estimates as available from the literature, on the approaches to the selection of appropriate indicators (data reduction vs. general-to-specific modelling). It also pointed to two major considerations: (a) the need to develop a real time database covering both the target indicators and the indicators to be used for their estimation; and (b) the need to further specify the boundaries of the concept of flash estimates as official statistics.

The work of the Cenex has also confirmed that a successful approach to the compilation of official flash estimates largely relies on the adherence, as much as possible, to the production process of the target indicators, the improvement in timeliness being most of the time related to the earlier availability of basic information adequately complemented by econometric techniques.

To further develop the flash estimate of GDP in view of the 2012 PEEI medium term target for national accounts, in December 2008, ECB and Eurostat organised a **Workshop on GDP Flash Estimates at T+30 days**. The workshop gathered together key users and key producers of quarterly GDP flash estimates bringing together different experiences of European and non-European countries that already release GDP flash estimates within the T+30 days deadline and those that are considering or testing this possibility. The workshop successfully identified the potential of developing GDP flash estimates at T+30 days as well as the key factors that have to be considered in such a project.

The workshop recognised that there is at European level a clear request for GDP flash estimates at T+30 days for the euro area and, possibly, (larger) Member States. It also underlined that producing GDP flash estimates at T+30 days is in principle feasible as evidenced by the positive experience of some NSIs, whilst other NSIs are exploring the feasibility of GDP flash estimates at T+30 days, or intend to do so.

A warning has been put on the improvement of timeliness that should not be achieved at any cost, since reliability is an important quality aspect to be embedded in the flash estimates at T+30 days.

From the workshop it emerged also that a flash estimate "culture" has to be further established and users' expectations have to be managed through an effective and coordinated communication strategy; this includes informing main users about the methodology, results and quality of the T+30 days estimates already during the development and test period. Appropriate reliability criteria should be used to assess and communicate on the flash estimate's performance and a prominent role should be given to the ability of the flash estimate to capture turning points.

The participants to the workshop clearly stressed that adequate resources, notably human resources, have to be devoted to the development and regular production of GDP flash estimates at T+30 days.

On these premises, and if the development and test period is concluded successfully, a regular production of euro area flash estimates at T+30 days should ideally take place in the course of 2012.

For the HICP, the current timeliness of T-0 is highly appreciated by users. The next challenge, as acknowledged by the revised list of PEEIs, is to produce a breakdown of the estimate into the main components such as food, non-energy industrial goods, energy and services. A first step to provide a breakdown into energy and non-energy is currently under development.

C - Statistical consequences of the financial and economic crisis – role of PEEIs

The ongoing financial and economic crisis has generated a number of challenges for official statisticians. They have been confronted with an increased number of requests from economic actors and policy makers to improve the provision of relevant statistical indicators in a timely and reliable fashion. The background of these requests is that traditional statistical production processes very often are limited by their rigidity and resource constraints.

The worldwide nature of the crisis has underlined the global dimension of economic and financial phenomena, the integration of financial markets and the rapidity of circulation of the information. All these aspects call for a global statistical view of the economic and financial reality, adequately supported by a statistical vision for the coming years. In addition, a re-think of the conceptual macroeconomic paradigm underlining the framework for producing macroeconomic statistics could be one result of the crisis. Therefore, the main statistical consequence of the crisis is the recognition of the limits of the traditional approaches to statistical production and the importance to go beyond them.

The ESS has acknowledged these challenges and is stepping up efforts to expedite the changes already under way, including the modernisation of the business architecture for the production of official statistics.

The exceptional evolution of the financial markets and its consequences on the real economy required the ESS to deliver a prompt and coherent reaction, addressing in particular the following dimensions:

- statistical consequences on key selected statistical domains with special relevance at European level for administrative purposes (e.g. the appropriate recording of the bank and other market rescue operations in the context of public finances);
- **prompt availability of key short-term economic indicators for monitoring the impact of the crisis** and the impact of the measures to offset it;
- deepening of methodological issues to ensure comparability and methodological soundness of figures;
- international co-ordination;
- enhanced communication at different levels among users and stakeholders.

The ESS's reaction to the crisis had, therefore, to be multi-fold and its overall framework for action has been fixed around three axes:

- a) the ESS Action Plan on the accounting consequences of the financial crisis;
- b) the regular production of key short-term economic indicators (notably PEEIs);

- c) a critical analysis of methodological and practical aspects related to the statistical production process.

1. ESS Action Plan

A key aspect of the ESS reaction has been to ensure the appropriate and proper consideration of the statistical consequences of the financial crisis on key statistics used in the European Union for administrative purposes and for the assessment of public finances.

As the financial crisis escalated from late summer 2008, governments and central banks in European countries have intervened through various operations in an effort to restore confidence in the financial system, at first to rescue single financial institutions in distress, and then through co-ordinated interventions broadly targeting financial institutions regardless of whether they were in distress or not, recognising the systemic aspect of the situation.

All these operations required an appropriate recording and treatment in statistical terms, notably in the framework of public finance statistics. A key requirement for the ESS in this area was to ensure the consistency across time and across countries of the statistical treatment of public interventions in full respect of the European System of Accounts (ESA95) rules.

The ESS Action Plan on the accounting consequences of the financial crisis¹⁰ has been created and implemented to achieve this target and to support it by strengthening co-ordination among European statistical authorities and enhancing the communication with users' and stakeholders.

In this sense, the activation of the ESS Action Plan has:

- streamlined the reaction of the ESS to the financial crisis;
- created awareness of the statistical consequences;
- strengthened co-ordination and communication;
- supported the ESS actions to handle the response to the crisis.

The recording and treatment in national accounts of public interventions has clearly been the key methodological topic for official statisticians. In this field, Eurostat, in co-operation with ESS partners, has closely monitored the public interventions and their implications for national accounts data, notably for the government deficit and debt statistics used for the excessive deficit procedure (EDP).

The outcome of this methodological analysis provided the background information for defining the methodological treatment in national accounts, of these types of operations (see, Eurostat Decision on "The statistical recording of public interventions to support financial institutions and financial markets during the financial crisis"¹¹ published on 15 July 2009).

¹⁰ http://epp.eurostat.ec.europa.eu/portal/page/portal/financial_turmoil/introduction

¹¹ Eurostat news release 103/2009 - 15 July 2009.

2. Key short-term economic indicators/PEEIs

It is clear that the lack of indicators cannot be claimed to have been the cause for this crisis that originated in highly developed economies, with well established administrative structures and statistical frameworks. Nevertheless, the crisis highlighted the need for more timely, integrated and comparable statistics to monitor the evolution of the economic and financial situation and the impact of the measures undertaken to offset the effects of the crisis itself.

One of the first concerns of economic actors in relation to the crisis was an urgent need for indicators to monitor and explain the financial and economic events. Most of the users thought that the offer of official (and not only) statistical indicators was inadequate to the situation either in terms of coverage or, mainly, in terms of timeliness. This perception started a critical analysis inside national statistical institutes supported by multiple contacts between users and producers. The outcome of this analysis highlighted very often that, contrary to the general perception, most of the statistical information needed by users was available but in an unstructured and not prominent enough way, and partly not yet timely enough.

This is particularly true in the ESS context, where PEEIs, as a set of selected key macroeconomic indicators that can offer a continuously updated overview of the effects of the crisis in European Member States and at European level, have played a major and forward looking role. For this reason and in order to meet the newly established requirements, the ESS has decided to further emphasise the importance of PEEIs through the revision of the PEEIs list undertaken in 2008 and currently implemented.

Nevertheless, the debate highlighted some limits of official statistics, notably:

- the lack of comparability among countries worldwide (a key element in a global crisis);
- the need for a more prompt availability of key indicators (requirements for more flash estimates and indicators at higher frequency);
- the need for statistical indicators in areas of particular importance for the financial and economic crisis (e.g. housing market statistics).

The response of official statisticians has been threefold:

- a) enhancing the communication on available statistics;
- b) start an in-depth analysis to identify the ideal statistical kit for policy makers/analysts/economic operators;
- c) enhance the international comparability of key indicators.

Two initiatives are particularly important in this area:

- the work of the Interagency Group on Economic and Financial Statistics (BIS, ECB, Eurostat, IMF, OECD, World Bank, UNSC);
- the "International Seminar on Timeliness, Methodology and Comparability of Rapid Estimates of Economic Trends" jointly organised by Statistics Canada, United Nations Statistics Division and Eurostat, held in Ottawa in May 2009¹² and its follow-up.

Both groups focused their efforts in trying to identify which official economic and financial indicators should be regularly produced by national statistical authorities to monitor the evolution of the economy: a "statistical toolkit" stable over time and still valid for the coming years supported by a modular availability of detailed information. The Interagency Group set up the "Principal Global Indicators" website, offering the available indicators regularly collected by international agencies for different countries and in different relevant statistical domains¹³.

The strategy endorsed by both groups is based on a layered approach concerning the presentation of the indicators. A "top level" of say 12-15 key indicators (level 1) will provide an overview of the economy at a glance; a second level will offer a first more detailed breakdown (level 2) that could be complemented by in depth information (level 3). The layered approach will favour the presentation of data according to country and cross country views. Prominence is given to the cross country comparability of the figures, so to catch the global dimension of the crisis.

The work of all these different groups will help to prepare the answer to the requirements expressed by the G20 with respect to statistics in relation to the financial and economic crisis.

In this context, the PEEIs already provide a reference model. In the coming years, the process of improving the PEEIs will have to take into account the requirements generated by this international critical assessment of official statistical indicators and pursue the new or already undertaken initiatives of the statistical authorities in Europe in these fields.

Finally, both the Ottawa seminar and the Interagency Group recognised and promoted the role of communication on official statistical indicators in the coming years.

3. Critical analysis of the statistical production process

In the end, the financial and economic crisis has highlighted the need to transform the production system of official statistics into a modern and efficient tool, flexible enough to cope with increasing or unexpected new requirements, time constraints, limited resources, communication aspects, changes in the regulatory frameworks.

¹² <http://unstats.un.org/unsd/nationalaccount/workshops/2009/ottawa/ac188-2.asp>

¹³ <http://financialdatalink.sharepointsite.net/default.aspx>

The ESS and the ESCB have acknowledged these challenges and have already started to speed-up the changes already under way, and to rethink the production of official statistics through the modernisation of its business architecture. The ESS approach is described in COM(2009) 404 final.

D - PEEIs long term strategic objectives

In the conclusions of the 2008 EFC Status Report, the ECOFIN Council besides calling upon Member States and Eurostat to continue to step up efforts to commit to the short- and medium-term targets identified by the Report itself, invited Eurostat and the ECB to specify more concrete long-term strategic objectives and to report on them in 2009.

The 2008 EFC Status Report outlined the overall PEEIs strategy around ambitious targets structured along a three step approach (short-medium-long term) so to: (a) provide a prompt reply of the ESS to new users' requirements; (b) fix ambitious long term targets so to allow the ESS to set up a clear approach to the future; (c) fix meaningful and achievable agendas and timetables for the development of the indicators; (d) prepare an adequate communication strategy; (e) coordinate major actions at European level.

The long-term strategy for PEEIs aims in particular to identify more ambitious goals and to what PEEIs should look like in ten years' time.

Meanwhile, since autumn 2008, the framework around PEEIs has changed:

- the revised Regulation on European Statistics has substantially improved the legal framework for the development, production and dissemination of European statistics and enhanced the possibility to closely co-operate with the ESCB. At the same time, the forthcoming revised regulation for the collection of statistical information by the ECB accomplishes similar tasks for the ESCB;
- the economic and financial crisis has put under scrutiny short-term key indicators as well as the responsiveness of European statistics to new requirements;
- the new governance of the ESS has called for a re-design of the ESS channels, dynamics and roles so to better cope with an evolving system;
- the new vision for the next decade of the production method of EU statistics¹⁴.
- proposes a re-engineering of the business architecture of the ESS.

All these elements have changed the background against which PEEIs are expected to evolve in the next decade. Moreover, the most recent economic and societal developments require reflecting upon the role of PEEIs in this new context.

¹⁴ COM(2009) 404 final.

To be successful, such a reflection has to include a comprehensive consultation of stakeholders.

To reach these broad objectives it is necessary to:

- consider the PEEIs as a coherent set of indicators produced by the ESS and complemented by selected monetary and financial indicators provided by the ESCB;
- run an **in-depth analysis** of interlinks between PEEIs production processes to identify synergies, cross-links and potential coordinated developments, both at national and European level;
- **enhance coordination of PEEIs' production processes**, as well as improve the sharing and accessibility of existing data in the ESS and ESCB, provided that they are necessary for the efficient development, production and dissemination of European statistics or for increasing their quality, and protected by strict confidentiality safeguards. Promote the "data warehouse" approach to the compilation of PEEIs;
- set-up an **implementation process** based on the prioritisation of the identified targets, the building-up of a roadmap and associated timetable, the definition of a suitable progress-monitoring process, the definition of appropriate indicators to measure the progress, the development of a dedicated communication strategy;
- trace the statistical consequences of the "**domino effects**" of financial and economic phenomena encompassing financial, economic and social statistics, taking into account the new challenges posed by a dynamic, global and fast-speed evolving society.

Following high priority work related to the current crisis, Eurostat, in close co-operation with the ECB and with the support of Member States, is therefore ready to start the reflection and the implementation of a long-term strategic objective underpinning the PEEIs.

II. Other ongoing statistical work

On 4 November 2008, in its conclusion on the 2008 EFC Status Report, the ECOFIN Council "called upon the ESS to continue its efforts to ensure high quality statistics that are needed for structural analysis" and invited Eurostat to report on the progress achieved in this area in 2009. This section reports on the progress achieved in structural statistics as identified by the EPC: (a) SNA update and ESA revision; (b) measurement of accrued-to-date pension entitlements under government schemes; (c) price and volume measures of GDP and other national accounts aggregates; (d) developments in structural labour market statistics; (e) statistics on government expenditure by function (COFOG); (f) statistics on the public sector in the European Union (g) comprehensive and comparable statistics on population and migration; (h) productivity and growth analysis (EU KLEMS project); (j) environmental statistics.

A - SNA update and ESA revision

In 2003, the United Nations Statistical Commission (UNSC) called for an update of the international System of National Accounts (1993 SNA) to bring the accounts into line with the new economic environment, advances in methodological research, and needs of users. The Inter-secretariat Working Group on National Accounts - comprising Eurostat, International Monetary Fund, Organization for Economic Co-operation and Development, the United Nations, and the World Bank - was mandated to coordinate and manage the SNA update project.

In February 2008, the UNSC approved in principle Volume 1 of the new SNA (2008 SNA) which includes the new accounting conventions on major issues like government pension schemes and other operations of the public sector, research and development, military expenditure, stocks and flows related to globalization and non-financial assets. Further to the mandate of the UNSC, Volume 1 was endorsed by the Bureau of the UNSC in August 2008. In February 2009, the UNSC approved Volume 2 which covers extensions such as satellite accounts. The full 2008 SNA was released in September 2009 on the UN website.

Eurostat, the ECB and Member States have been actively involved in the preparation of the 2008 SNA. The European Statistical System should continue its efforts to encourage a world-wide implementation of the new statistical system, which is an important objective for the international comparability of national accounts aggregates.

The ESA revision has started in parallel to the SNA update.

ESA 95 is an essential tool at European level, used for major administrative purposes (e.g. own resources, excessive deficit procedure, structural funds) and for the analysis of the coordination and convergence of Member States' economic policies.

To achieve the objectives set by the Treaty on the European Union, and more specifically Economic and Monetary Union, ESA 95 provides EU institutions, governments and economic and social operators with a set of harmonised and reliable statistics on which to base their decisions.

The revised ESA will have to be consistent as much as possible with the new SNA, as regards the definitions, accounting rules and classifications, so that the European Union's data are comparable with those compiled by its main international partners. Nevertheless, The ESA incorporates certain differences, particularly in its presentation, which is more in line with its use with the European Union. This specific use requires in fact greater accuracy in the definitions, classifications and accounting rules. Contrary to the SNA, the ESA is based on a Regulation comprising binding rules to ensure comparability at EU level, and a compulsory data transmission programme. When SNA is flexible and includes several options, ESA generally chooses a particular option for more consistency at EU level.

The implementation of the new agreed standards, through the revision of ESA, will have a significant impact on European statistics, including key statistics for policy making and administrative purposes at Community level, as well as consequences on Community legislation. The revision of the ESA will require substantial efforts in the EU in the coming years. In order to reinforce quality and transparency while reducing burden, it is essential to move to only one set of national accounts standards in the EU in the context of the ESA revision.

A preliminary assessment of the impact of the new ESA was made available by Eurostat in 2008. An updated impact assessment will be prepared in early 2010 so that an orientation discussion by the ECOFIN Council Ministers can take place ahead of the introduction of the new ESA Regulation proposal which is foreseen by mid-2010. The adoption of the Regulation is foreseen in 2012 and its implementation is scheduled to take place in 2014.

B - Statistical measurement of pension entitlements and obligations under government schemes

Given the ageing of society and the related impact on the development of government finances in the future, issues related to the measurement of pension entitlements and obligations under government schemes have increased in importance. From a statistical standpoint there is a need to improve existing rules and guidelines for the reporting of national accounts data for all pension schemes in social insurance so that they provide a clear and complete picture to users.

Based on an international compromise on the recording of national accounts data for all pension schemes in social insurance in the 2008 SNA, which also involves the recording of pension entitlements of government-sponsored unfunded defined benefit schemes and also of social security schemes in a supplementary table covering all pension schemes in social insurance, a joint

Eurostat/ECB Task Force has developed the methodological recommendations and provisional estimates for participating countries, including the design of the supplementary table.

The Task Force's final report¹⁵ was presented to, and endorsed by, the CMFB in February 2008. As a follow-up, a Contact Group comprising statisticians of national statistical institutes and national central banks from all EU countries was established to gather further information and share best practices. A successful ECB/Eurostat workshop on pensions was held in April 2009 to discuss methodological developments, country experiences in compiling data on pension entitlements, other measurement systems for pensions (notably business accounting and the sustainability work of the Ageing Working Group), and user needs. Eurostat and the ECB will continue to coordinate their work on this subject with the Contact Group, collect data on a voluntary basis from the countries, and take forward any outstanding compilation issues.

A draft of the new ESA chapter on pensions has been prepared in cooperation by Eurostat and the ECB, based on the corresponding chapter in the SNA 2008 and also following the work of the Eurostat/ECB Task Force. This chapter was presented to and discussed with the EU countries.

C - Price and volume measures

The availability of price and volume measures of Gross Domestic Product and other national accounts aggregates is essential for monitoring economic developments in the EU, for the monetary policy for the euro area and for the implementation of the Stability and Growth Pact. In this context, the reliability and comparability of the data are key features that are required in order to support a precise assessment of the economic situation of each Member State and a fair treatment of the various countries.

In order to respond to these requirements, Eurostat has undertaken for many years a series of actions to enable Member States to produce reliable and comparable price and volume measures of national accounts aggregates. Commission Decision 98/715 clarified the principles to be applied by Member States in measuring prices and volumes for most products and transactions categories of the European System of Accounts (ESA95) and set up a research programme for the remaining ones to be completed by end 2000. Eurostat published in 2001 a manual on price and volume measures in national accounts to give more detailed guidelines in this field. Commission Decision 2002/990 further clarified the principles for the measurement of prices and volumes taking into account the results of the research programme. This Commission legislation has, in particular, identified the most appropriate estimation methods to be applied (A methods), the alternatives which may be used if the most appropriate methods cannot be implemented (B methods) and the methods which shall no longer be used by 2006 (C methods).

¹⁵ See <http://www.cmfb.org/pdf/TF%20on%20Pensions%20-%20Final%20report.pdf>.

Member States were asked to establish inventories of sources and methods used for estimating prices and volumes in national accounts. 25 Member States transmitted their inventories to Eurostat. Bulgaria and Romania were asked to establish their inventories by end 2009. Eurostat examined the price and volume inventories of the Member States, notably in relation to government output, and requested specific improvements by end 2006.

Eurostat sent, in June 2006, a questionnaire to Member States to monitor their progress in the fields of health and education. Education and health were chosen because they represent key areas with respect to their potential impact on government output, and major improvements are generally required. A majority of countries is in a position to apply satisfactory methods for education. The situation of health is much more difficult due to very heterogeneous practices and very frequent innovations.

In order to ensure implementation of the EU legislation, Eurostat has been promoting the exchange of best practices between countries. This is mainly based on a wide dissemination of their respective inventories through Eurostat's website. In this context, the regular update of their inventories of prices and volume methods, by Member States, would contribute to the exchange of practices. Eurostat is also putting together methodological notes following visits to the most advanced countries in this domain. About ten countries have been visited. Furthermore, a number of countries sent reports on their improvements to prices and volumes, which will contribute also to the exchange of best practices. Eurostat is currently assessing these reports. Owing to these approaches, the various Member States are currently making progress in many areas, including market activities and non-market activities as well. Those countries that have not yet transmitted their improvement reports are asked to do so as soon as possible. The improvement work must be pursued in order to obtain more reliable and comparable data.

The issue of adjustment for quality appears to be a key aspect in the reliability and comparability of price and volume measures of non-market education and health. Only a small number of countries are currently developing price and volume measures that explicitly take account of quality in these areas (the so-called A methods). The analysis of the country reports and the results from two dedicated Eurostat workshops (in November 2007 and in March 2008) confirmed the difficulties encountered by Member States in implementing the A methods. In order to accelerate the availability of more reliable and comparable data, it was proposed to consider the B output methods as reference methods, and to include the results of A methods in satellite accounts, while pursuing the development of more robust and harmonised explicit quality adjustment methods. All efforts should now be focused on further specifying and implementing B output methods that are solid theoretically and that can be applied consistently by all Member States, in particular in the context of the revision of the European System of Accounts.

D - Labour Market Statistics

Labour market developments are of key importance for economic and monetary policy, in particular with a view to the level and structure of labour demand and labour supply, possible mismatches and the turnover processes. Statistics on labour quality, on transitions between employment, unemployment and inactivity, and on labour market mobility are needed to improve the understanding of the functioning of the European labour markets. To lay the ground for better statistical information on the dynamics of the labour market, it is necessary to harmonise the longitudinal dimension (panel design) of the European Labour Force Survey.

Work on a limited set of indicators to supplement the headline ILO unemployment rate is ongoing. Empirical tests are carried out by several Member States. A proposal for indicators to be implemented within the ESS is expected in the second half of 2010.

The comprehensive quality review of the Labour Force Survey (LFS) resulted in a list of recommendations for improvement relating to survey design, non-response, fieldwork, communication and timeliness. Member States and Eurostat are called upon to agree on an appropriate implementation strategy and to embark on putting it into practice with ambition.

While the new legal framework for quarterly job vacancy statistics provides the framework for the production of timely sub-annual information on unmet labour demand, the lack of sufficient structural detail on an annual basis is clearly felt by policy-makers. Eurostat and Member States are asked to examine how a more comprehensive reporting on structural characteristics of job vacancies can be achieved.

E - Classification of the expenditure of government by function (COFOG)

Eurostat now releases COFOG level II data for the following countries: Czech Republic, Germany, Estonia, Spain, Italy, Cyprus, Latvia, Lithuania, Malta, Austria, Poland, Portugal, Finland, the United Kingdom, and Norway. Concerning Denmark, data have been released with the same level of detail as published nationally (a less-detailed COFOG breakdown) whereas for Ireland, Romania, Slovenia and France data are available and published only for selected COFOG divisions. Bulgaria, Greece, Hungary and Sweden have agreed with the publication of COFOG II data, while mentioning that their data are still provisional. As for Belgium and the Slovak Republic, data are not publishable yet, whereas Luxembourg and the Netherlands are currently working on the compilation of their full COFOG datasets. Member States are expected to make progress in respect to data availability, according to national plans, and to further work on pending quality issues.

On 3 March 2009, Eurostat held another meeting of the COFOG task force which reviewed, among other issues, country plans for the extension of the available datasets, the quality of the data

transmitted and methodological issues related to the assignment of government expenditure to specific COFOG functions.

In its report of April 2009, the Economic Policy Committee (EPC) considered the improved availability of COFOG II data as a very significant step forward. It re-iterated its request to extend further the transmission and publication of these data, in particular for social protection, health and education. In May 2009, the ECOFIN Council recommended that the transmission of some selected COFOG II data becomes mandatory further to the forthcoming revision of the ESA95 transmission programme.

F - Public sector statistics

The public sector comprises the general government sector plus public corporations. Public corporations are entities that sell most of their output at economically significant prices but they are controlled by government. According to ESA95 these corporations can be further split into financial and non-financial public corporations. The public non-financial corporations sub-sector (S.11001) comprises resident government controlled non-financial corporations, quasi-corporations and non-profit institutions that are principally engaged in producing goods or non-financial services for the market. Included within this sector are entities such as publicly owned utilities and other entities that trade in goods and services. Public financial corporations do not exist per se as a sub-sector in the ESA 95 and comprise government controlled banks, including central banks (S.121), and other resident government controlled financial corporations and quasi-corporations which primarily engage in financial intermediation on a market basis.

In the EU, the analysis of public finances is generally limited to the general government sector, following the 1995 ESA and EDP concepts. In this framework, public corporations are excluded from the general government sector. However, given their magnitude and importance in many EU countries, there is a need for additional statistics on public corporations and, by extension, on the public sector as a whole. It would allow a more fully-fledged analysis of the total resources controlled by governments and their uses, as well as a more comprehensive assessment of fiscal developments and risks.

The requirements for data on public corporations should aim at a complete set of accounts consistent with the structure of the sector accounts. Furthermore, balance sheet data would provide valuable information on the assets and liabilities of these corporations, from which important indicators could be calculated such as net (financial) worth. Finally, the possibility of publishing comparable data on government guarantees to public corporations should be explored.

In September 2008, Eurostat started, on a trial basis, the collection of a limited number of variables for public corporations following national accounts standards. The results of this trial transmission were discussed with Member States in January 2009, a further questionnaire is to be launched in September 2009, and it is now envisaged to collect data for public corporations on a mandatory basis through a

new version of the annual non-financial and financial sector accounts questionnaires within the revised ESA transmission programme.

G - Population statistics

Developments in population statistics are driven by an increased policy focus on the long-run socio-economic impacts of demographic change and by the necessity to monitor the implementation of the European Pact on Immigration and Asylum. Several actions have been developed by Eurostat in co-operation with Member States with a view to improving the availability and quality of the statistics necessary to support policies in these areas.

In order to increase the level of harmonisation for the next round of Eurostat population projections and for all other demographic analyses, Eurostat will be starting discussions with Member States on a legislative framework for demographic statistics in the second half of 2009. This framework will concern both the base population and the elements of demographic change.

Work is also ongoing to complete the implementation of the Regulation of the European Parliament and of the Council on “Community statistics on migration and international protection” (Regulation (EC) No 862/2007). The first annual data on migration flows, foreign population stocks and acquisition of citizenship to be supplied under this Regulation – relating to the 2008 reference year - should be transmitted to Eurostat by the end of 2009. The Regulation also covers annual statistics on residence permits and on the prevention of unauthorised entry and stay, as well as monthly, quarterly and annual tables related to asylum. These data are already being collected by Eurostat. Eurostat is working with Member States to resolve any remaining problems with the supply of these data.

Two Eurostat-funded projects that will be completed by the end of 2009 are intended to assist Member States in fulfilling their obligations under this Regulation through the development and application of advanced statistical modelling techniques, and by maximising the use of existing and potential data sources.

Eurostat is beginning a rolling quality assurance programme focussing on the key migration statistics indicators used in the allocation of Community funds under the Commission's “Solidarity and Management of Migration Flows” programme.

The 2008 Labour Force Survey (LFS) included an ad hoc module on the labour market situation of migrants and their immediate descendants. Eurostat will analyse the results of this module as part of its action plan designed to mainstream migration issues across a range of social statistics and to improve the availability of policy-relevant socio-economic data on migrants. Based on the LFS data and other relevant data sources, a joint Eurostat/OECD project on indicators of migrant integration is planned for the second half of 2009.

H - Productivity and growth analysis (EU KLEMS)

EU KLEMS¹⁶ is a statistical and analytical research project financed by the European Commission through the 6th R&D Framework Programme. The project is focused on the analysis of productivity and growth accounting in the European Union at the industry level.

In July 2007, the ECOFIN Council underlined the relevance of the project for productivity and growth analysis and invited the Commission (Eurostat), in close cooperation with the CMFB, to develop an appropriate implementation and financing plan in cooperation with the NSIs in order to make progress and proceed towards the fulfilment of the primary objectives established in the genesis of the project and to report to the ECOFIN Council for further endorsement.

First analysis by Commission services and ECB demonstrated the potential benefit of EU KLEMS for research and policy purposes, for productivity analysis, for comparison with other major economies and for monitoring the Lisbon process.

Since the research phase of the project ended in June 2008, in order to ensure the continuity and the future of the EU KLEMS dataset, both the 2006 and 2007 EFC Status Report called for ensuring a timely implementation and regular maintenance of the database. In 2007, the Directors of National Accounts, supported by the CMFB, decided to create a dedicated task force with the aim of exploring the integration of (part of the) EU KLEMS dataset in the ESS. The Task Force focused in its work on the link between EU KLEMS dataset and official statistics, the role of NSIs, the boundaries of the contents and on the clarification of methodological issues. On the basis of this analysis, the Task Force prepared an ambitious implementation plan and addressed it to the ECOFIN Council.

On 4 November 2008, the ECOFIN Council welcomed the report on the progress on the EU KLEMS project and underlined the importance of changing the nature of the EU KLEMS from a research driven project to an ESS project. It called upon Member States and Eurostat to further elaborate its details, including the question of financing and quality aspects to set up the necessary actions".

In January 2009, the EU KLEMS Task Force had a meeting to specify in details the way forward in the project, in terms of technical and practical aspects. In particular the Task Force:

- Reiterated the messages of the EU KLEMS implementation plan. These consist notably in a 3 layer approach to set up the EU KLEMS statistical module, where the first layer will mainly consist in data already transmitted according to the ESA95 transmission programme; which will be complemented, in the second layer by additional official statistics, while the third layer will consist in an analytical module encompassing growth accounting and productivity theory-based methods, with a harmonised approach proposed by Eurostat and DG ECFIN. The database will

¹⁶ EU KLEMS: EU level analysis of capital (K), labour (L), energy (E), materials (M) and service (S) inputs.

be maintained by Eurostat, but Member States have also to invest resources and commit to the transmission of data.

The Task Force also agreed with the proposed step-by-step approach to translate the Implementation Plan into concrete activities starting with a more limited but relatively timely dataset that would then be complemented as more detailed data become available in accordance with the ESA transmission programme.

- Discussed financial issues that encompass (i) funds for the medium term maintenance of the Consortium EU KLEMS database, (ii) incentives to set up the structure for a regular production of the relevant figures in the context of EU grants and (iii) following up on Member States political commitment to support the project.

DG ECFIN confirmed that the maintenance of the EU KLEMS Consortium database until 2012 should be ensured via the 7th EU Framework Programme – WORLD KLEMS project.

Eurostat set up appropriate actions (grants) to co-finance projects for the implementation of EU KLEMS in Member States (to set up the system and start the production of data).

The follow-up on the political commitments of Member States to support EU KLEMS will be done through the EPC report on structural statistics and this EFC Status Report.

- Clarified and established its role for the continuation of the project (technical reference and main technical counterpart for Eurostat on issues related to the steering of the project).
- Identified possible implications for the revised ESA, including ESA Transmission Programme, and provided suggestions on how to integrate them.
- Defined the research agenda associated to the EU KLEMS project and the interrelations with the methodological developments in other related statistical areas (e.g., supply, use and input-output tables).

On the other side, in 2009-2010 Eurostat will focus on the practical aspects related to the creation and maintenance of the EU KLEMS database and will set up an appropriate communication strategy on the project and its implementation.

In parallel, as required by the ECOFIN Council, Eurostat will coordinate with Member States the further elaboration of the details of the implementation of the project, with particular attention to quality aspects and monitoring of the process in order to set up the necessary follow-up actions.

Within the second layer, Eurostat will investigate the possible ways to incorporate information on the production factors energy and material flows, focusing on existing or planned information. This action, of exploratory nature, will permit to assess the difficulty of complementing the multifactor model envisaged in the project.

I - Environmental Statistics

The use of Environmental Accounts for policy making has increased as the framework has been developed during the last two to three decades and is in a number of countries an integrated part of the information used for policy making. At international level a UN Committee of Experts on Environmental-Economic Accounting (UNCEEA) was established by the United Nations Statistical Commission in 2005. Part of the objectives of the UNCEEA is to advance the implementation of the Environmental Accounting in countries and encouraging its use in support to decision making.

During its 15-16 June 2006 meeting, the European Council adopted a renewed EU Strategy for Sustainable Development which underlined that: “For better understanding of inter-linkages between the three dimensions of sustainable development, the core system of national income accounting could be extended by inter alia integrating stock and flow concepts and non-market work and be further elaborated by satellite accounts e.g. environmental expenditures, material flows and taking into consideration international best practices.” Environmental Accounting has been recognised as an important instrument to monitor the achievement of targets of sustainable development of the Lisbon strategy and of the EU environmental policy. In order to steer the statistical developments, a European Strategy for Environmental Accounting (ESEA) was adopted by the Statistical Programme Committee in 2003 and revised in 2008 (ESEA 2008).

The existing legal framework allows collecting some data related to Environmental Accounts while other data are only produced by gentlemen’s agreement. However, data collected on a gentlemen’s agreement has proved to be of less appropriate quality, expressed by poor coverage of countries, years and modules of environmental accounts. In order to assure full data coverage and harmonisation, the Statistical Programme Committee decided at its meeting of November 2008 to support the development of a legal instrument that will give priority to regular production of a core set of accounts as set out in ESEA 2008.

The first modules to be developed will be on air emissions accounts, on environmental taxes, on material flow accounts and on environmental expenditures. This will ensure that data collection for most economic transactions that are related to the environment will be covered by statistical regulations, while data needed for areas as waste and energy accounts are to some extent already available. It is expected that the legal base for collecting data on environmental accounts will ensure the data necessary for setting up a broad set of environmental accounts on the European level will be directly comparable to the data in the national accounts.

This would enable exploring the interconnections between economy and environment (e.g. connected to climate change), including modelling of different scenarios for environmental developments using e.g. input-output modelling. A further advantage would be that data would be of adequate quality avoiding the use of ad-hoc studies carried out from time to time on request from Commission

Services. The EPC fully supports these initiatives and the development of a legal base for environmental accounts.

Annexes

Annex I: Principal European Economic Indicators
- Detailed current situation

ANNEX I

Principal European Economic Indicators

Table A.I.1.a – PEEIs: Detailed current situation and targets

Member States	Consumer Price Indicators		Quarterly National Accounts				Business Indicators			
	1.1 MUICP flash estimate	1.2 HICP	2.1 First GDP estimate	2.2 GDP estimate and breakdowns	2.3 Household and Company Accounts	2.4 Government Finance Statistics	3.1 Industrial Production Index	3.2 Industrial Output Price Index	3.3 Industrial New Orders Index	3.4 Industrial Import Price Index*
EU	--	14-16	45	64	121	97	42	34*	56*	--
EA*	0/0	17/14-16	45/45	60/64	90/121	90/96	40/42	35/34*	50(40)/56*	45/[38]
Belgium	-2	-2	29	71	91	90	57	30	59	na
Bulgaria	--	12	45*	71	91	86	38	27	42	--
Czech Republic	--	11	45	71	90	89	42	15	42	na
Denmark	--	11	--	92	90	90	37	15	36	15
Germany	-1	11	45	56	77	75	38	20	37	23
Estonia	--	10	43	70	90	90	35	50	35	--
Ireland	--	12	--	93	94	89	58	23	71	na
Greece	-7	7	45*	65	90	90	41	30	50	42
Spain	-1	12	44	50	90	89	36	23	49	38
France	-1	12	45	45	91	89	38	30	49	30
Italy	-1	12	45	71	94	86	38	30	50	na
Cyprus	-1	7	45	66	91	81	55	29	64	59
Latvia	--	12	39	70	90	89	35	38	41	--
Lithuania	--	12	28	58	90	90	30	20	41	--
Luxembourg	-2	9	--	98	na	90	41	45	58	59
Hungary	--	11	45	70	90	90	44	29	45	--
Malta	--	11	--	70	93	86	na	30		--
Netherlands	-1	10	45	45	90	89	38	29	42	29
Austria	-1	12	45	45	90	89	55	50	55	45
Poland	--	12	--	59	92	90	29	34	29	--
Portugal	--	11	45	90	90	89	30	21	37	50
Romania	--	12	45	63	115	89	38	30	36	--
Slovenia	-1	7	--	70	71	69	38	20	50	30
Slovakia	--	12	45	63	90	89	45	28	45	59
Finland	-1	12	--*	70	90	90	38	17	44	17
Sweden	--	12	--	59	86	62	38	28	38	28
United Kingdom	--	15	24	59	99	90	42	20	45	--

Legend: nc = no commitment

na = not available

* = footnote (see below)

[xx] = available at xx days but not yet released at European level

Table A.I.1.b – PEEIs: Detailed current situation and targets

Member States	Business Indicators				Labour Market Indicators				External Trade Indicators
	3.5 <i>Production in Construction</i>	3.6 <i>Turnover Index for Retail Trade and Repair</i>	3.7 <i>Turnover Index for Other Services</i>	3.8 <i>Output Price Index for Services*</i>	4.1 <i>Unemployment rate</i>	4.2 <i>Job vacancy rate</i>	4.3 <i>Employment</i>	4.4 <i>Labour Cost Index</i>	5.1 <i>External Trade Balance</i>
EU	49	35*	91		30	74	75	74	48
EA*	45/49	30/35*	60/59	60/na	30/30	45/74	45/75	70/74	46/48
Belgium	57	34	58		8	na	70	83	36
Bulgaria	38	30	58	59	22	49	70	67	37
Czech Republic	43	29	59	91	9	44	69	64	28
Denmark	59	30	76	77	25	na	90	67	40
Germany	38	30	48	89	24*	43	30	69	37
Estonia	58	30	59	45	11	68	69	68	36
Ireland	58	55	na	75	4	na	90	69	37
Greece	na	30	75	91	79*	65	64	63	40
Spain	44	24	48	86	10	57	55	67	34
France	38	29	58	84	24	70	45	67	36
Italy	45	55	90	79	85*	83	70	68	37
Cyprus	58	30	59		4	69	77	68	37
Latvia	51	30	59		10	67	69	68	36
Lithuania	45	27	59	85	8	57	68	68	37
Luxembourg	58	28	na		25	43	96	69	40
Hungary	48	30	57		21	47	69	67	36
Malta	59	na	na		25	na	70	69	35
Netherlands	55	34	59		18*	44	45	64	40
Austria	55	34	62	89	2	na	44	68	40
Poland	27	27	58	89	25	44	55	67	37
Portugal	42	30	50		23*	na	69	47	37
Romania	38	30	38		79*	42	na	64	36
Slovenia	45	30	59	79	19	63	69	67	37
Slovakia	44	30	59	89	21	48	44	64	40
Finland	45	29	45	17	22*	47	69	69	40
Sweden	44	28	57	50	20*	56	59	67	28
United Kingdom	38	30	91	78	22*	21	43	67	37

Legend: nc = no commitment

na = not available

* = footnote (see below)

[xx] = available at xx days but not yet released at European level

Table A.I.1.b – PEEIs: Detailed current situation and targets

Member States	Housing indicators		
	<i>6.1 Residential property price index</i>	<i>6.2 House sales</i>	<i>6.3 Building permits</i>
EU	na	na	89
EA*	90/na	90/na	90/89
Belgium	na	na	98
Bulgaria	na	na	51
Czech Republic	na	na	104
Denmark	na	na	45
Germany	na	na	59
Estonia	na	na	64
Ireland	na	na	86
Greece	na	na	89
Spain	na	na	84
France	na	na	28*
Italy	na	na	85
Cyprus	na	na	71
Latvia	na	na	45
Lithuania	na	na	29
Luxembourg	na	na	55
Hungary	na	na	57
Malta	na	na	21
Netherlands	na	na	89
Austria	na	na	91
Poland	na	na	86
Portugal	na	na	41
Romania	na	na	30
Slovenia	na	na	50
Slovakia	na	na	65
Finland	na	na	52
Sweden	na	na	57
United Kingdom	na	na	78

Legend: nc = no commitment

na = not available

* = footnote (see below)

[xx] = available at xx days but not yet released at European level

Notes:

*: EA: XX/xx, where **XX** = PEEI target, xx = current delay.

2.1. Quarterly National Accounts: First GDP Estimates

BG: only seasonally unadjusted data available

EL: Data published nationally but not available before release for inclusion in the EA/EU estimate.

FI: Flash estimate of total output available for inclusion in the EA/EU estimate.

3.2 Business Indicators: Industrial Output Price Index

EA + EU: release at t+34 days due to the long week-end of 1-3 May 2009.

3.3 Business Indicators: Industrial New Orders Index

EA + EU: release at t+56 days due to the long week-end of 21-24 May 2009.

3.4 Business Indicators: Industrial import price index

Required only from countries in the euro area. Moreover 8 of those provide only a contribution to the European Sample Scheme not full data.

3.6 Business Indicators: Turnover Index for Retail Trade and Repair

EA + EU: release at t+35 days due to the long week-end of 1-3 May 2009.

3.8 Business Indicators: Output price index for services

Output prices for services began to become available for some countries and activities. Reasonably complete coverage will only be reached around the end of 2009.

4.1 Labour market indicators: Unemployment rate

Average delay January, February, March

Delays are not comparable between MS due to differences in sources used for the estimates by Eurostat.

4.2 Labour market indicators: Job Vacancy Rate

Delays are based on reference period 2008Q4 instead of 2009Q1. The introduction of NACE Rev.2 in 2009Q1 led to slightly longer delays than usual.

4.4 Labour market indicators: Labour Cost Index

Delays are based on reference period 2008Q4 instead of 2009Q1. The introduction of NACE Rev.2 in 2009Q1 led to slightly longer delays than usual.

6.3 Housing indicators

FR not yet available, 2008 Q4 instead.