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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

concerning short-term statistics as required by Council Regulation (EC) No 1165/98 of 19 May 1998

1. INTRODUCTION

European short-term statistics (STS) describe the most recent developments in European economies in four major areas: industry, construction, retail trade and services (excluding financial services). For each area, short-term statistics provide a series of indicators such as production, turnover, output prices (often also referred to as producer prices), number of persons employed, hours worked, gross wages and several others. The legal basis of short-term statistics is Council Regulation (EC) No 1165/1998[1], as amended (hereinafter the 'short-term statistics Regulation').

Under Article 14(2) of the Regulation:

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

The present report follows up on the reports submitted in June 2008 and June 2011 pursuant to the above Article[2].

Section 2 outlines the uses of short-term statistics and their relevance for key European policies and the steering of European monetary policy. It also indicates major developments in short-term statistics since the last quality report in June 2011.

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

Section 4 presents the cost and burden involved in the collection and processing of data for short-term statistics, and some examples of how Member States have been able to reduce these.

The last section provides an outlook on future developments in short-term statistics.

1 OJ L 162 of 5.6.1998, p. 1.

2 COM(2008) 340 final, 9.6.2008 and COM(2011) 329 final, 8.6.2011. There was also a quality report in 2003: COM(2003) 36 final, 29.1.2003.

OVERVIEW OF SHORT-TERM STATISTICS AND MOST IMPORTANT DEVELOPMENTS

The compiling of short-term statistics was an important factor enabling the establishment of the euro area and the monitoring of European monetary policy[3]. Of the initial 22 principal European economic indicators (PEEIs)[4] developed to monitor the economic development of the European Union and its Member States and in particular to conduct monetary policy in the euro area, eight are provided by short-term statistics: industrial production, industrial output prices on the domestic market, industrial import prices, production in construction, volume of retail trade and repair, turnover in services (excluding retail trade services) (other) services, service output prices and building permits.

The European Central Bank and national central banks are among the most important users of short-term statistics. Other important users are the European Commission, national governments, research institutes, businesses and business organisations. News releases about short-term statistics generally attract wide attention in the media. Short-term statistics also provide important input for other statistical areas such as national accounts.

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

A number of changes have taken place since the last quality report on short-term statistics was adopted in June 2011. With Commission Regulation (EU) No 461/2012 of 31 May 2012[5], the collection of data on industrial new orders was discontinued and the last news release on these was published on 22 February 2012, with data for December 2011. Such data had originally been intended to provide a leading indicator and an early indication of the development of industrial production. However, its predictive capacity proved to be rather limited at European level and the European Statistical System Committee decided that compulsory data collection for industrial new orders variables at European level should be stopped.

In March 2012, a new seasonal adjustment method was introduced for European short-term statistics. The purpose of seasonal adjustment is to make the data for different months or quarters directly comparable by eliminating seasonal effects such as a drop in industrial production during the summer holidays or an increase in retail trade turnover before Christmas. As from reference year 2012, Eurostat changed to an indirect seasonal adjustment method whereby national data series are first seasonally adjusted and then used, as weighted averages, to produce European aggregates. In the past, Eurostat used a direct approach for short-term statistics, i.e. unadjusted national data were aggregated to the European level, which was then seasonally adjusted. The new method guarantees the consistency of the European and national aggregates and is also in line with the seasonal adjustment guidelines of the European Statistical System (ESS).

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3 *Statistical requirements of the European Central Bank in the field of General Economic Statistics*, European Central Bank, August 2000.

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

5 OJ L 142, 1.6.2012, p. 26.

In October 2012, short-term statistics became subject to the ESS guidelines on revision policy. European aggregates of the eight short-term PEEIs and in retail trade are now revised and released only once a month. The dates are announced in advance in the short-term statistics release calendar[6]. National data continue to be updated immediately new information becomes available.

In early 2013, the short-term indices were rebased from 2005 to 2010. This involved updating the weights used for calculating the European aggregates so as to reflect the economic structure of 2010 (rebasing) and an arithmetical change of the reference year (average 100 in 2010 instead of 2005).

As of 2013, quarterly data for hours worked and gross wages and salaries have been available for retail trade and repair and for other services. The legal basis for this was Commission Regulation (EC) No 329/2009[7].

SCOPE AND QUALITY OF SHORT-TERM STATISTICS INDICATORS

Scope and compliance with the short-term statistics Regulation

Member States' compliance with the short-term statistics Regulation, in terms of reliability, timeliness, coherence and comparability, is monitored by Eurostat every six months and shows a high level of compliance and constant improvement. On the basis of the various quality aspects outlined in the *European Statistics Code of Practice*[8], a comprehensive compliance score covering all indicators is calculated for each country. As of 1 October 2013, the EU-28 average score was 9.6 (out of 10) – the same as of 1 April 2013. Most Member States are now either fully compliant or close to full compliance with the Regulation.

Accuracy, reliability, coherence and comparability

The short-term statistics Regulation and related acts have introduced a set of common definitions for short-term statistics applied by all Member States. Eurostat and the national statistical offices work together in order to ensure high accuracy, reliability and coherence of the short-term statistics indicators. The methodological framework established by the Regulation is continuously improved by consultations of technical experts and of special thematic task forces.

It should be noted that methodologies do not have to be identical across Member States. In keeping with the principle of subsidiarity and in order to take account of national differences, e.g. as regards size, economic structure and availability of administrative data, the short-term statistics Regulation leaves Member States free to decide on the most efficient and effective ways of collecting and processing data.

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

Timeliness and punctuality

For short-term statistics, the early availability of data is of central importance. Therefore, the short-term statistics Regulation sets relatively short deadlines for the delivery of national data

6 The short-term statistics release calendar can be downloaded at: http://epp.eurostat.ec.europa.eu/portal/page/portal/short_term_business_statistics/introduction.

7 OJ L 103, 23.4.2009, p. 3.

8 The European Statistics Code of Practice is available at: http://epp.eurostat.ec.europa.eu/portal/page/portal/quality/code_of_practice.

to Eurostat[9]. Table 1 shows the current deadlines for data transmission to Eurostat (third column) and the target dates set by the Economic and Financial Committee (EFC) in its most recent report on information requirements in the European Monetary Union. The last column indicates the current deadlines for dissemination (e.g. via news releases).

In general, the timeliness of short-term statistics can be considered very good. Any delay is usually due to the target delivery day falling on a weekend or a public holiday.

Users are informed about news release publication dates well in advance by means of the news release calendar on the Eurostat website[10]. In past years, all dates announced in the calendar have been met.

Table 1: Timeliness – days between end of reference period and delivery deadline, STS Regulation, EFC target and actual dissemination of EU aggregates (situation May 2013)

Indicator	Periodicity	STS Regulation deadlines [a)]	EFC targets for 2013 [b)]	Dissemination of EU totals [c)]
Industrial production	Monthly	40	40	44
Industrial output prices of the domestic market	Monthly	35	35	33
Industrial import prices	Monthly	45	45	37
Production in construction	Monthly	45	45	47
Building permits	Quarterly	90	90	89
Turnover in retail trade and repair	Monthly	30	30	36
Turnover in (other) services	Quarterly	60	60	65
Service output prices	Quarterly	90	90	91

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

b) Targets set in the Economic and Financial Committee (EFC) *2013 Status Report on information requirements on EMU*.

c) Days between end of reference period and dissemination (e.g. news release, data release). Some delays caused by holidays in May (the reference month).

Revisions of short-term statistics indicators

First results of short-term indicators are based partly on preliminary, estimated and incomplete data. Following the first data release, survey results often improve, because late

9 The original deadlines in Regulation (EC) No 1165/98 concerning short-term statistics were further shortened by Regulation (EC) No 1158/2005 of the European Parliament and of the Council of 6 July 2005 (OJ L 191, 22.7.2005, p. 1).

10 http://epp.eurostat.ec.europa.eu/portal/page/portal/release_calendars/news_releases. Note that this calendar covers a large number of European indicators, not only from short-term statistics.

respondents' input has been added. Data are revised for a whole range of other reasons, including seasonal adjustment, benchmarking, new and/or improved data sources, and corrections of errors or methodological changes, but the revisions are generally rather limited in scale, especially at the aggregated EU level and for the euro area.

In order to assess the quality of the first results of the four short-term statistics indicators published monthly in a news release, changes between first and second publications of monthly growth rates were analysed for 2011-13.

Table 2: Scale of revision for the four principal short-term statistics indicators, 2011-13 [a)]

1	2	3	4	5
	Average revision [b)]	Average absolute revision [c)]	Average absolute growth rate	Relative average revision [d)]
Industrial production	0.1	0.2	0.7	0.2
Industrial output prices of the domestic market	0.0	0.0	0.4	0.1
Production in construction	0.0	0.7	1.5	0.4
Volume of retail trade	0.0	0.2	0.6	0.4

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

b) Differences between growth rates at second and first publication, 2011-13 average.

c) Absolute differences between growth rates at second and first publication, 2011-13 average.

d) Ratio between absolute revision (3rd column) and absolute growth rate at second publication (4th column), 2011-13 average. Differences due to rounding errors.

Table 2 shows, for the euro-area aggregates of the four indicators subject to a news release, the average scale of revisions of growth rates between the first and the second publication one month later (second column). This is close to zero, which means that upwards and downwards revisions of the growth rates almost cancel each other out, i.e. there is no systematic bias to over- or under-estimating results.

In absolute terms (third column), the average revisions vary between almost zero for industrial output prices and 0.7 percentage points for production in construction. The differences across indicators are explained mainly by methodological factors. While industrial output prices are often not revised at all, production indicators might be revised several years after their first publication.

Average growth rates (in absolute terms at second publication) are indicated in column 4. The last column shows the relationship between the revision of the growth rate and the growth rate itself (at the time of the second publication). This helps us assess more accurately the magnitude of the revisions, since it makes a difference whether a revision of 0.2 percentage points, for example, is applied to a relatively high or a relatively low growth rate.

Accessibility, clarity and availability of metadata

All short-term statistics results are freely accessible on the Eurostat website. The special section dedicated to short-term statistics can be accessed under 'Industry, trade and services' or via the search function[11].

[11] http://epp.eurostat.ec.europa.eu/portal/page/portal/short_term_business_statistics/introduction.

In the area of short-term statistics, Eurostat publishes 48 news releases a year, i.e. monthly releases for four principal indicators (industrial production, industrial output prices, production in construction and volume of retail trade). In past years, all news releases have been published according to schedule. Moreover, since the last quality report on short-term statistics in 2011, seven issues of *Statistics in focus* have been published which, apart from providing quantitative data, deal with selected methodological issues and analyse current economic trends.

Comprehensive, targeted and detailed explanations of methodological issues (metadata) are also made available, partly in *Statistics in focus* (see above) and also on the Eurostat website. Concise explanations of statistical concepts are published in *Statistics Explained*, a wiki-style online dictionary. The 'STS sources' database provides detailed information on statistical processes, legal questions, confidentiality rules, data quality and national data collection methods. For a number of key indicators, additional detailed methodological explanations are also available (*PEEIs in focus*)[12].

COSTS TO THE STATISTICAL SYSTEM AND BURDEN ON BUSINESSES

The costs (for statistical systems, of collecting, processing and disseminating data) and burden (on the enterprises providing the data) relating to short-term statistics can be measured only imperfectly. Samples are organised differently across Member States, which makes comparisons difficult. Also, the production of short-term statistics cannot be fully separated from other statistics and there is often no clear method for ascribing costs and burdens to specific types of statistics (e.g. data collected via a survey for short-term statistics will also be used for national accounts). Finally, the methods used to collect cost and burden data (e.g. via a separate survey, in combination with existing surveys or using expert estimates) differ between Member States.

A tentative calculation of the burden on an average business (stemming mainly from answering questionnaires) is presented in Table 3 for the eight PEEIs in question. For ease of comparison, the burden is calculated as minutes per month, even for the quarterly indicators.

As Table 3 indicates, there are considerable differences between countries, with the burden ranging from almost non-existent to two hours a month to fill in a questionnaire. Zero burden usually indicates that data are not collected via a short-term statistics questionnaire, but taken from other sources (often administrative VAT sources) or produced by other methods (e.g. combining other statistics).

Table 3: Average, highest and lowest national values of the burden (minutes per month) on a business replying to a questionnaire in 2012 (EU-27)

	Burden 2012 (minutes per month)		
	Average, unweighted	Maximum	Minimum
Industrial production	20	76	0
Industrial output prices	19	120	1
Industrial import prices	16	65	3

[12] The STS sources and the *PEEIs in focus* reports are available at: http://epp.eurostat.ec.europa.eu/portal/page/portal/short_term_business_statistics/methodology.

Production in construction	21	115	0
Building permits	7	40	0
Volume of retail sales	8	15	0
Turnover in (other) services	5	13	0
Service output prices	12	47	2

Table 4: Development of statistical burden on enterprises and of national statistical institutes' costs (2009-12)

	Number of Member States where			
	burden increased	burden decreased	burden did not change	comparison not possible
Industrial production	6	10	3	8
Industrial output prices	8	11	4	4
Industrial import prices	4	4	2	17
Production in construction	3	13	6	5
Building permits	3	5	10	9
Volume of retail sales	3	6	3	15
Turnover in (other) services	5	13	4	5
Service output prices	5	14	3	5
	Number of Member States where			
	costs increased	costs decreased	costs did not change	comparison not possible
Industrial production	5	13	3	6
Industrial output prices	8	12	4	3
Industrial import prices	8	4	3	12
Production in construction	8	11	4	4
Building permits	7	10	4	6
Volume of retail sales	4	7	4	12
Turnover in (other) services	6	13	3	5
Service output prices	13	8	2	4

For a number of Member States, burden estimates are available for 2009 and 2012. Table 4 indicates the number of countries in which the average monthly burden on reporting businesses increased, decreased or remained unchanged (the last column indicates the number of countries for which 2009 and/or 2012 data are not available). The lower part of the table provides the corresponding information for statistical institutes' costs in producing the various indicators. In general, the average reductions in the burden and the costs outweighed any increases. It should also be noted that the reported scale of the burden and cost decreases was in many cases larger than the burden and cost increases. As a result, an improvement of the burden and cost situation for the EU as a whole can be assumed.

The general decrease in the statistical burden on enterprises can be explained by smaller sample sizes in the majority of Member States, for most short-term statistics indicators. In

addition, statistical data are nowadays more often collected via electronic surveys and the internet, which also involves lower costs and burdens as compared with traditional collection methods, such as postal questionnaires. Moreover, statistical offices appear to rely more on administrative data, i.e. data already available from tax or employment administrations, social insurance bodies or building authorities.

While the use of existing administrative sources for statistical purposes reduces the burden on businesses, it may lead to higher costs within statistical offices, as data might have to be adjusted. As administrative data often do not directly fit the statistical concepts of short-term statistics, adjustments are necessary and these can affect the quality of the data. Also, the use of administrative data also requires continuous coordination, especially where countries have decentralised administrations.

Finally, the use of administrative data as input for short-term statistics poses a challenge, especially for the monthly indicators, where the requirements in terms of timeliness and short deadlines are very demanding. Administrative data are often collected less frequently than required for short-term statistics and/or become available too late. A project under the Programme for the Modernisation of European Enterprise and Trade Statistics (MEETS)[13] provided financial support for analysing and improving the use of administrative data for statistical purposes, including company accounts, and helping Member States move from statistical surveys towards the use of administrative data while ensuring high data quality. The project was concluded in mid-2013[14].

FUTURE DEVELOPMENTS IN SHORT-TERM STATISTICS

Between 2000 and 2012, the share of industry and construction in all economic activity dropped from 27.3% to 24.7%. Over the same period, the share of market services (excluding banking and insurance) increased from 43.2% to 45.5%[15]. The high and increasing economic importance of the service sector is, however, not adequately reflected in current short-term statistics. In general, service indicators have a more limited coverage, are less detailed and are published less frequently than data for industry and construction (see annex).

In order to improve the coherence of the various European business statistics and to optimise the ratio of benefits to costs and burden for their production, the intention is to harmonise and connect these statistical domains more closely by means of a Framework Regulation Integrating Business Statistics (FRIBS). A thorough review of short-term statistics is also envisaged in this context.

In 2011, Eurostat launched an intensive consultation of all key users and national producers of short-term statistics in order to assess ways of improving the short-term statistics indicators relating to service industries. Notwithstanding some concerns about a possible increase in cost and burden, the consultation showed a broad consensus on the need for improvement in this area. Taking into account users' and producers' comments, the Commission plans to propose changes to the current Regulation to ensure the relevance of short-term statistics in view of the increasing economic importance of services in European

[13] Decision No 1297/2008/EC of the European Parliament and of the Council of 16 December 2008 on a Programme for the Modernisation of European Enterprise and Trade Statistics (MEETS), OJ L 340, 19.12.2008, p. 76.

[14] The deliverables produced are available at http://www.cros-portal.eu/content/admindata-sga-3.

[15] Gross added value at basic prices, Eurostat, National Accounts, data code: [nama_nace10_k].

economies, while fully taking into account concerns as to increasing cost and burden for their production.