EUROPEAN CENTRAL BANK

REVIEW OF THE REQUIREMENTS IN THE FIELD OF GENERAL ECONOMIC STATISTICS

DECEMBER 2004

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I INTRODUCTION

The primary objective of the Eurosystem is to maintain price stability within the euro area.[1] Without prejudice to the objective of price stability, it must support the general economic policies in the Community. With these objectives in mind, the Eurosystem has as one of its core tasks the conduct of monetary policy in the euro area.

The Treaty on European Union specified as one of the tasks of the European Monetary Institute (EMI), the forerunner of the ECB, the undertaking of statistical preparations for Stage Three of Economic and Monetary Union (EMU) and, specifically, the promoting of the harmonisation of statistics to the extent necessary. The EMI first released a statement of statistical requirements in July 1996. In August 2000, the ECB published its requirements in the field of general economic statistics.[2] That document has proven to be a very useful basis for the discussion with producers of statistics outside the ECB. The present document updates the ECB requirements. It is focused on monthly and quarterly (infra-annual) statistics for the euro area, other EU countries and accession countries. It reviews the previously formulated requirements and takes into account new developments such as the growing need for services statistics.

Money and banking, financial markets and related statistics, the balance of payments and other external statistics, financial accounts and quarterly accounts for institutional sectors are areas in which the ECB (DG-Statistics) has sole statistical responsibility at the EU level or shares responsibility with the European Commission (Eurostat).[3] Other areas of statistics are also important for the conduct of monetary policy. These are, notably, price and cost statistics, the other non-financial national accounts, labour market statistics and a wide range of other economic statistics, in particular short-term statistics. Throughout this document these statistics are referred to as general economic statistics. The ECB works closely with the European Commission to seek fulfilment of its requirements in these areas. In many cases they are covered by EU Council and Commission legal acts within the framework set by Council Regulation (EC) No 322/97 on Community Statistics. When general economic statistics are not available from the European Commission, the ECB collects information from national or other European sources.

Economic statistics were also the subject of a detailed report of the Monetary Committee on information requirements in Economic and Monetary Union (EMU) which reflected to a large degree the ECB statistical requirements. The report was approved by the ECOFIN Council in January 1999, and followed up by six progress reports.[4] One result is the Action Plan on EMU Statistical Requirements which, at the request of ECOFIN, was prepared by the European Commission (Eurostat), in close collaboration with the ECB, and which identified for each Member State where urgent progress should be made, as well as the modifications to statistical regulations. The Action Plan expired at end-2002, though its full implementation is still ongoing.[5] Moreover, in February 2003, the Council and Commission adopted a comprehensive report on euro area statistics. It supported in particular the establishment of a set of Principal European Economic Indicators (PEEI) by 2005, which are to be released with a timeliness and reliability that matches highest international standards.

The Eurosystem has statistical needs that are similar to those of other monetary policy authorities responsible for large economic areas (in particular the United States). Statistics of high quality are of key importance for ensuring that the correct

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1 The European System of Central Banks (ESCB) comprises the European Central Bank (ECB) and the national central banks of the Member States of the European Union (EU). The term Eurosystem is used to designate the ECB and the national central banks of the EU Member States forming the euro area. The Statute refers to the Statute of the ESCB and of the ECB.

2 The two documents are available on the ECB website (www.ecb.int).

3 See also the Memorandum of Understanding between the European Commission (Eurostat) and the European Central Bank (DG Statistics), 10 March 2003 (available on the ECB website).

4 For the reports see: http://ue.eu.int/cms3_applications/doc Center.ASP?expandID=132&lang=en&cmsID=245

5 See Status Report on Information Requirements in EMU, Economic and Financial Committee, 25 May 2004, and Conclusions of the Ecofin Council meeting of 2 June 2004.

monetary policy decisions are taken. Policy mistakes due to an incomplete or unreliable statistical basis can be very costly for the economy in terms of price stability, output and employment. The statistical basis for monetary policy has improved considerably over the recent years, but further progress is needed.[6]

2   OVERVIEW OF CHANGES TO STATISTICAL REQUIREMENTS

The present report does not raise any substantial new requirements which were not already included in the 2000 ECB requirements report. Indeed, many of the requirements are reflected in the 1999 Monetary Committee report on information requirements in EMU and the successive progress reports prepared by the Economic and Financial Committee. However, forward-looking modifications compared with the first issue concern:

– a stronger focus on euro area aggregates: the ECB proposes to fully coordinate the production, release and revision policy for national general economic statistics with the needs for euro area aggregates;

– the frequency and timeliness requirements have been aligned with agreed European targets for timely Principal European Economic Indicators where they are broadly in line with ECB requirements;

– the requirements for monthly and quarterly statistics in the services sector are specified; good-quality services indicators are increasingly important as such, and increasingly important for the quality of aggregate economic statistics on GDP volume, price and productivity changes;

– more differentiation of user requirements for national data: not all statistical series which are needed for euro area analysis are needed for each of the euro area countries, the non-euro area EU countries and the accession countries;

– accordingly, new methods for compiling euro area statistics should be promoted which may deliver good results at euro area level, without overburdening the national statistical systems;

– a review of priorities in external trade statistics;

– finally, each section contains a short assessment of priorities for future improvements.

3   GENERAL DATA REQUIREMENTS AND ASSESSMENT OF CURRENT DATA SUPPLY

The legal basis for producing general economic statistics has been developed since the early 1990s in several pieces of statistical legislation adopted by the EU Council, in recent years together with the Parliament, or the Commission. The Regulation on Community Statistics establishes the principle of subsidiarity for Community statistics, but requires that *"to guarantee comparability of results, Community statistics shall be produced on the basis of uniform standards and, in specific, duly justified cases, of harmonized methods"* (Article 1). The single monetary policy for the euro area requires the development of uniform standards and harmonised methods for key macroeconomic statistics.

GENERAL REQUIREMENTS
The main requirement for euro area statistics is that all data compiled and published should be oriented towards the calculation of *aggregated results for the euro area.* Statistical data which are available for only a small share of the euro area economy or national statistics which cannot be aggregated to meaningful euro area aggregates are of little use for euro area analysis. This has a number of important implications.

Concerning *geographic coverage,* a complete or very high coverage of euro area aggregates by national results is important. The data of the biggest four euro area countries are of particular

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6   For further details about the assessment of general economic statistics for the euro area see also "Developments in General Economic Statistics for the Euro Area" ECB Monthly Bulletin, April 2003. For a recent overview of the monetary policy strategy of the ECB see also "The outcome of the ECB's evaluation of its monetary policy strategy", ECB Monthly Bulletin, June 2003.

importance (Germany, France, Italy and Spain account for around 80% of euro area GDP), since missing data for these countries seriously hamper the compilation of reliable euro area estimates. While aiming at a high coverage of euro area statistics, the ECB supports new developments in euro area statistics; these are often labelled as *differentiated reporting requirements* and *European sampling.* These measures aim at producing reliable results at euro area level, without overburdening, in particular, the smaller Member States' statistical systems. In the light of increasing user demands for statistics and existing resource constraints on the producer side of statistics, these methods should be further developed and implemented more widely.

Concerning *branch and sector coverage,* the statistics must provide a complete picture of the economy. In addition to the conventional statistics on industry and retail trade, indicators for the increasingly important service industries are needed. Moreover, for an economic area as large as the euro area a complete system of accounts by the main institutional sectors, in particular households, non-financial and financial corporations and the government, should be available.

If national contributions are the building blocks of euro area statistics, the *comparability* of statistical methods is crucial for the quality of the results. Much progress has been made. However, experience over the first years of EMU has proven that agreement on common statistical definitions and classifications is important, but often not sufficient to achieve comparability. More coordination and standardisation in the production of general economic statistics across countries is desirable, in particular when the targeted comparability standards are high, as for example for the HICP. Furthermore, the international standard classifications which are used for almost all euro area statistics need to be kept up to date and are revised at certain intervals. In 2007, a substantial revision of the European classifications of economic activities (NACE) is planned and the changeover should be carried out in a closely coordinated manner in order to minimise transition problems to data for euro area aggregates.

As regards the *timeliness* of euro area statistics, the ECB supports the recently adopted targets for the PEEIs. They have been used throughout this document with few exceptions. However, the performance of statistical systems amongst economies outside the euro area has also been improving and timely statistics in tune with evolving needs are a constant challenge. In some areas of general economic statistics, the lack of timeliness is still worrisome and improvements are urgent (e.g. for labour market statistics). Given the focus of the single monetary policy on aggregates for the euro area as a whole, area-wide estimates should be published not later than the first national estimates for the biggest countries, and preferably before. This requires a coordinated *release policy* and common release calendars at European level, which is a priority for the next few years. Moreover, national data must be transmitted by national authorities to the European Commission (Eurostat) in a punctual manner. Eurostat is the central source for European general economic statistics and must be in a position to supply data on individual EU countries to European users at the same time as the data are published at the national level. Furthermore, Eurostat should compile and publish all euro area aggregates in a very timely manner.

Regarding the *frequency* of the data, monthly or quarterly frequency is a prerequisite for monetary policy purposes. In some statistical domains (e.g. labour market and national accounts) this requires a review of the current balance between these data and the comprehensive data requested by EU legislation at annual or lower frequency. The priority for quarterly national accounts by institutional sector is particularly pressing. Moreover, a number of short-term indicators are still only published at quarterly frequency and with long publication delays, and are therefore not useable for cyclical analysis. Also important for economic and econometric analysis is a sufficient *length of the time series,* which should cover at least one or two business cycles for the main aggregates.

The request for timely and frequent data raises the question of the trade-off between timeliness and reliability. *Reliability* of the statistics used for

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justifying monetary policy decisions is essential for credibility. The Eurosystem knows the limits of timeliness and is careful in requesting shorter timetables. Moreover, timely *aggregated* results are more important than *detailed* breakdowns. Several EU Member States have already achieved good timeliness without compromising reliability. Improvements to timeliness have also been achieved for some euro area aggregates (e.g. euro area GDP, HICP, industrial production and retail trade) and there is no evidence that these improvements have affected the reliability of the results.

Besides common standards for timeliness and release calendars, the widespread lack of a European *revision policy* is a concern to users of euro area statistics, since this causes (also) frequent revisions of euro area aggregates.

Moreover, since most of these data are subject to *seasonal and trading day influences,* the methods and practices for seasonal adjustment and, where relevant, working-day adjustment should be harmonised. Common standards have already been agreed for quarterly national accounts and for short-term statistics, but their full implementation is pending. For other economic statistics common standards are still outstanding.

GENERAL ASSESSMENT AND REVIEW OF PRIORITIES

Overall, a core set of general economic statistics required for the euro area is available and has proven to be a reliable basis for monetary policy. This concerns in particular the HICP as the key measure of price stability, but also a number of important general economic indicators used in the context of the economic analysis pillar of the ECB monetary policy strategy (e.g. data on output, unemployment and producer prices). Several improvements have been implemented over the last few years. To mention just some of these: the improved coverage of HICPs; the release of more quarterly national accounts data (e.g. value added and compensation of employees); better availability, country coverage and comparability of short-term indicators (e.g. retail trade turnover, construction output, data by main industrial groupings); better comparability of unemployment

statistics; and better timeliness for several indicators without damaging their accuracy (e.g. HICP, GDP, production, external trade).

However, while acknowledging these improvements, euro area statistics still fall short of user requirements in many respects. Results for the euro area are often either too late or do not exist at all due to an insufficient country coverage. Key national account aggregates for institutional sectors are lacking. Significant gaps exist in the field of labour market statistics, including basic data on employment and hours worked. Further improvements are also required for the HICP (harmonisation of methods). Two further issues are the lack of data for the service sector in the euro area as well as the lack of sufficiently comparable practices for seasonal and working-day adjustment. As a result, several euro area statistics are still less complete, timely and reliable than in many individual euro area countries and major currency areas outside the euro area such as the United States. Further improvements are thus needed.

To preserve and improve euro area general economic statistics, it is important to review the priorities and to reduce legal requirements for areas which are now considered as being less important. In its field of competence, the ECB is reducing its requirements for external trade statistics, in particular Intrastat, and some structural business statistics. In addition, the ECB supports developments favouring the differentiation of national reporting requirements and European sampling, with the objective of limiting the burden of reporting agents, both in small and large Member States.

4 SPECIFIC STATISTICAL REQUIREMENTS

The Annex to this document includes a summarised survey of the main macroeconomic indicators regularly needed for monetary policy analysis, the required frequency, level of detail, timeliness and priorities for improvements. Very detailed statistical information used for occasional research purposes are not covered in this overview.

4.1 HARMONISED INDEX OF CONSUMER PRICES

The monthly Harmonised Index of Consumer Prices (HICP) is one of the main indicators for the monetary policy of the ECB, since it is the measure used in the ECB's monetary policy strategy to define price stability. The ECB has been closely involved in the development work on the HICP, in particular through the consultation procedures laid down in Article 5.3 of the Council Regulation concerning the HICP.[7] The main requirements of monetary policy are a broad coverage of household expenditure, comparable coverage and methods, and the timely publication of reliable results at monthly frequency. Particularly important for further work on the HICP are a satisfactory solution to the issue of incorporating expenditure on owner-occupied housing and faster progress in the field of quality adjustment.

The HICP is required at a four-digit COICOP level. For occasional analysis, a more detailed breakdown at euro area level – e.g. in the area of food and services – is desirable. This could also facilitate the derivation of additional measures required for economic analysis, in particular the isolation of the effect of changes in indirect taxes on the HICP ("HICP Constant Tax") and administered prices.

The HICP has been improved over time, and some of the improvements have led to structural breaks in HICP sub-components. However, for long-term analysis and econometric modelling, the availability of estimates of long and consistent time series is desirable.

Against the background of the use of the HICP for the purpose of assessing convergence in the EU, the need for comparable HICP statistics applies to all current and future euro area countries.

The ECB gives priority to the work on owner-occupied housing, quality adjustment and the HICP Constant Tax Index.

4.2 QUARTERLY AND ANNUAL NATIONAL ACCOUNTS: MAIN AGGREGATES AND BREAKDOWNS

Quarterly national accounts are of key importance for assessing the cyclical position of the economy and the extent to which this may influence the outlook for price developments. Annual accounts, which are available after a longer delay, but in more detail, provide the necessary basis for a broadly based analysis of structural developments and of longer-term trends.

Quarterly main aggregates and more detailed annual national accounts are covered by the ESA Regulation.[8] Its full implementation, in particular for the quarterly data, is required as a basis for euro area statistics. Some additional information is needed at quarterly frequency, in particular information on extra-euro area exports and imports, hours worked and further information on income, saving and investment (see also next section). At annual frequency, the information on investment and production broken down by industry (e.g. 31 NACE sub-sections) is particularly important, both for euro area aggregate and cross-country analyses.

National accounts are also the only source for harmonised statistical information on non-financial assets, both for the economy as a whole and for main sectors and industries. The annual availability of full balance sheets and all types of change in balance sheets (transactions, revaluations and other changes in volume) for such assets by main institutional sector (households, corporations, government) and main category (dwellings, other tangible fixed assets, intangible fixed assets, other produced assets, land, other non-produced assets) is needed to analyse the role of (changes in) wealth of the economy as a whole and the household sector in particular. Specific quarterly data on dwelling assets in particular are also in high demand. Finally, annual supply and use tables are needed.

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7 Council Regulation (EC) No 2494/95 of 23 October 1995 concerning harmonised indices of consumer prices.
8 Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community.

First releases of quarterly and annual main aggregates should be published with a maximum delay of 60 days. First estimates for GDP and main components ("flash estimates") at least 15 days earlier are very useful, provided they are sufficiently reliable. These are the targets set for the PEEI. Euro area aggregates for other annual national accounts, in particular tables by industry, data on assets and the capital stock should become available six to nine months after the reference year. Euro area aggregates for most other accounts (e.g. supply and use tables) are currently lacking and improvements in this field are desirable.

For the purposes of cyclical analysis, sufficiently long time series are important. In line with the Regulation, quarterly main aggregates should refer back to 1980, except for the new Member States, for which time series from the early 1990s are required (depending on the year of transition).

The ECB gives priority to the release of more complete quarterly accounts with a delay of 60 days, covering in particular the expenditure and output side of GDP in constant prices. For annual and less frequent accounts euro area aggregates are in most cases currently lacking and their compilation has priority.

4.3 QUARTERLY AND ANNUAL NATIONAL ACCOUNTS: INSTITUTIONAL SECTORS

The provision of complete annual sector accounts and complete, though less detailed, quarterly sector accounts is essential.[9] These accounts will enable the compilation of euro area accounts for each institutional sector. Sector accounts permit not only the analysis of income, expenditure and production, but also that of saving and investment in the various sectors, including their interrelations and the relations between them and the rest of the world. In particular, data broken down by counterpart sector (from whom-to-whom information) can thus support the analysis of the monetary transmission mechanism. The ESA Regulation already lays down the methodology for the comprehensive sector accounts. The annual and quarterly sectoral breakdown should, for ECB purposes, differentiate at least between non-

financial corporations, financial corporations, general government and households (including non-profit institutions serving households), and the rest of the world account. This sectoral breakdown should be applied to all balancing items and to all the transactions leading to these balancing items (with a smaller degree of detail at quarterly than at annual frequency). Subject to the forthcoming adoption of the legal basis for quarterly sector accounts, it is expected that first data for euro area quarterly sector accounts will become available in 2006. Required additional information at annual frequency also concerns the coverage of non-financial assets, in particular of the stock of fixed capital of non-financial corporations and the housing stock of the household sector (see 4.2).

The ECB gives priority to the implementation of quarterly national accounts by institutional sector.

4.4 QUARTERLY AND ANNUAL GOVERNMENT REVENUE AND EXPENDITURE

Monitoring the developments in government finances requires reliable annual information by Member State on general government revenue, expenditure and deficit/surplus. Furthermore, a sufficient breakdown of government expenditure by function (COFOG) is increasingly important.

The ECB requires also quarterly data on government revenue and expenditure by Member State within three months of the reporting period.[10] Moreover, the compilation of euro area and EU aggregates necessitates information on the EU budget following the ESA methodology.

While quarterly data are of the highest priority for short-term government finance statistics for the euro area, higher frequency data (notably monthly) are also available at national level. These data are, as

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9 For more details on the government sector, see Section 4.4.

10 Quarterly government expenditure and revenue data are provided under Commission Regulation (EC) No 264/2000 of 3 February 2000 on the implementation of Council Regulation (EC) No 2223/96 with respect to short-term public finance statistics and the Regulation of the European Parliament and of the Council (EC) No 1221/2002 of 10 June 2002 on quarterly non-financial accounts for general government.

a rule, non-harmonised and refer only to parts of the government sector; however, they provide useful additional information on national budgetary developments.

The ECB gives priority to the full implementation of reliable annual and quarterly government revenue and expenditure.

4.5 SHORT-TERM STATISTICS FOR INDUSTRY (INCLUDING CONSTRUCTION)

Short-term statistics provide important information on demand, output and prices and are used as leading indicators for quarterly national accounts. Industrial production still remains the most important indicator for current activity. Indicators of new orders or the stock of orders are important as indicators for future production; for this reason, statistics on new orders should preferably be expressed in volume terms. Monthly indicators of output prices as well as indicators of costs (e.g. production costs, but also wages and salaries) are used for inflation analysis. This also includes price indices for imports and exports of the euro area. Data on employment and volume of work are important for the analysis of economic activity, and are often needed to derive supplementary indicators such as hourly wage costs or productivity changes.

Monthly and quarterly short-term statistics for the euro area are laid down in the Council Regulation concerning short-term statistics.[11] The Eurosystem's priority is rapid information on main developments at aggregated level with limited detail, rather than fully detailed information by all branches. To meet its purpose, as many of the indicators as possible should be monthly and ideally released with a timeliness of approximately 30 days (and 45-60 days for quarterly indicators). As a general rule, this requirement refers to the NACE Division level for industry statistics. Further details are occasionally used by the ECB (NACE Groups), but the timeliness and frequency requirement is lower.

For some indicators of short-term statistics, namely new orders, turnover and prices, a geographic split between the transactions relating to the "domestic" and to the "external" market is needed. For ECB use of euro area statistics, this should distinguish between transactions within the euro area and those with the non-euro area countries. Since these data are particularly needed for euro area aggregates, but not for each individual country, the ECB supports the use of European sampling schemes, which help to ease the additional burden on Member States.

Indicators on output, demand and prices are also needed for the construction industry and housing market. These include harmonised residential property price indices at, at least, quarterly frequency. This information is needed for the analysis of inflation, asset prices and household wealth. The information on property prices currently available does not suffice and is in most cases of low quality.

Several of the ECB requirements and the targets set for the PEEI are mirrored in the proposal of the Commission for amending the Council Regulation concerning short-term statistics, which the ECB supported in its Opinion.[12] There are, however, a number of cases where the draft regulation still does not meet these requirements, as for example regarding the frequency and timeliness of data on new orders and most construction indicators.

The ECB gives priority to the full and timely implementation of the PEEI standards and improvements to statistical information on residential property prices.

4.6 SHORT-TERM STATISTICS FOR RETAIL TRADE AND OTHER SERVICES

The second group of required monthly and quarterly short-term indicators refers to retail trade as well as to other service branches. They are partly included in the Regulation concerning short-term statistics and its proposed amendment.

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11 Council Regulation (EC) No 1165/98 of 19 May 1998 concerning short-term statistics.
12 See Opinion of the European Central Bank dated 24 May 2004, Official Journal C 158 of 15 June 2004, p. 3.

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Monthly data on retail trade turnover (at constant prices) provide a leading indicator for quarterly household consumption in national accounts, which is the largest element in expenditure. The data should be published according to the 30-day target of the PEEI.

In addition to short-term statistics for industry and the retail trade, the development of monthly or quarterly statistics for services is important, in particular for the cyclically sensitive branches. Most of the information (turnover, producer prices, wages, hours worked and employment) is still to be developed. The SPC and CMFB defined its priorities as follows: indicators of activity/turnover in current and constant prices for market services, output prices for business services, and labour cost and employment indicators for market and non-market services. The EFC supported these priorities, which are also shared by the ECB.

The ECB gives priority to the development of short-term indicators for market services, and, in particular, the full implementation of the existing and amended short-term statistics regulation.

4.7 STATISTICS ON THE LABOUR MARKET – EMPLOYMENT AND UNEMPLOYMENT

Labour market information is important for the ECB's economic pillar, which underpins its monetary policy. The statistical requirements can be grouped in two categories. The first is for timely estimates of aggregate employment and unemployment for the economy as a whole and its main sectors (e.g. the national accounts "A6" breakdown for six main branches), supplemented by a number of supplementary indicators on the labour market (e.g. measures of the actual volume of work – hours worked, etc. – and vacancies). The second requirement is for more detailed employment and employee compensation data by branch and other socio-economic variables (by gender, by age and by education level) for which the timeliness/frequency requirement is lower. While the labour market variables discussed in sections 4.7 and 4.8 may be collected in different ways (e.g. from enterprises, from households or from administrative sources), it is desirable that

consistency of the macroeconomic results with the estimates used in the national accounts framework is achieved. This is particularly important when variables are combined e.g. for calculating productivity and unit labour costs.

The PEEI aim at releasing euro area results for quarterly total employment and monthly unemployment after 30 and 45 days respectively. The ECB supports these targets. Progress towards a monthly employment indicator for the euro area would be highly desirable. The Council Regulation concerning short-term statistics covers data for industry (including construction) on employment and hours worked, and employed persons in the retail trade and other services. The ECB requirements in terms of timeliness and detail are identical to the requirements for other short-term statistics (see Sections 4.5 and 4.6). The ESA Regulation requires quarterly and annual employment data as well as data on unemployment and hours worked; the relevance of hours worked data – e.g. for productivity measurement – should however be emphasised. The third source – and potentially the richest in terms of detail – is the EU labour force sample survey.[13] Of the very detailed survey only a small part is needed for regular monetary policy analysis; for this part, however, the timely provision of quarterly results for the euro area and the euro area countries around 45 days after the reference quarter is desirable. The labour force survey does not currently meet this.

The European Commission (Eurostat) monthly unemployment data are currently covered by a gentleman's agreement, and are available after around 35 days. Important for the ECB (but largely missing for the euro area) are a number of supplementary short-term labour market indicators, in particular consistent estimates on the duration of unemployment, flows of unemployment (new unemployed, new hirings), and estimates of time-related under-employment. Moreover, data on job vacancies which are covered under the PEEI and are currently under development are important.

13 Council Regulation (EC) No 577/98 of 9 March 1998 on the organisation of a labour force sample survey in the Community.

The ECB gives priority to improvements in the measures for labour volume (monthly employment, hours worked) and vacancies, and labour market data for the service industries.

4.8 STATISTICS ON THE LABOUR MARKET - EARNINGS AND LABOUR COST

Earnings and labour cost data are indicators of inflation and demand analysis as well as indicators of competitiveness. Most important for the ECB in this field is a reliable area-wide measure of labour costs at monthly (or quarterly) frequency, both per employee as well as per hour worked. These statistics should cover the whole economy, include the major labour cost components and be consistent with the national accounts. They should allow for the analysis of developments in the main industries, preferably at NACE Division level, and provide a breakdown into at least the two main cost components (gross wages and salaries, and employers' social contributions). Information on bonus payments is desirable. A split by a socio-economic criterion (e.g. educational level or gender) is only needed at a lower frequency. Experience with existing labour cost indicators underlines that consistency of data coming from short-term statistics (gross wages and salaries) and labour market statistics (labour cost indices) with national accounts sources (compensation) is highly desirable.

Important conclusions for the labour market and the effect on future price developments may be derived from information on monthly wage settlements, although institutional arrangements in labour markets in the euro area differ.

The ECB gives priority to improvements in the labour cost index and hourly compensation data from the national accounts, including better statistics for services.

4.9 BUSINESS OPINION SURVEYS

Comparable business opinion surveys for the euro area play an important role in euro area analysis and currently fill some gaps in quantitative statistics (e.g. order book assessment, service activity developments). Some of the information provided by opinion surveys, particularly information on capacity utilisation, is not available from other statistical sources. Monthly and, in some cases, quarterly frequency is appropriate for monetary policy analysis as well as a certain degree of detail by economic activity. The EC Business and Consumer surveys provide most of the information needed by the ECB in this field.

The ECB gives priority to the ongoing extension of the business surveys in the services activities.

4.10 EXTERNAL TRADE STATISTICS

The ECB requires external trade statistics expressed in current prices (values) and volumes. In addition to a breakdown by main partner region and country, a breakdown by commodity groups is used. A breakdown of the monthly data by the two-digit level of the Combined Nomenclature (CN) and a breakdown of quarterly data by the four-digit level is sufficient for the ECB, in particular for Intrastat. This should provide appropriate sub-aggregates for main product groupings (e.g. main industrial groupings). Owing to the current absence of other statistical information on price developments for imports and exports of the euro area, in particular any true trade price indices for the euro area as a whole, the supply of monthly unit value indices for the euro area is a second-best solution for the ECB (see also Section 4.5).

The legal provisions for external trade statistics are currently laid down in a number of EU Council and Commission Regulations, separately for EU-internal trade (Intrastat) and trade with non-EU countries.[14] With regard to trade between the Member States, the transmission deadlines for forwarding data to the European Commission

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14 Transmission deadlines are set out in Commission Regulation (EC) No 1901/2000 of 7 September 2000 laying down certain provisions for the implementation of Council Regulation (EEC) No 3330/91 on the statistics relating to the trading of goods between Member States (for Intrastat) and Commission Regulation (EC) 1917/2000 of 7 September 2000 laying down certain provisions for the implementation of Council Regulation (EC) No 1172/95 as regards statistics on external trade. Council Regulation (EEC) No 3330/91 will be repealed by year-end and replaced by the European Parliament and Council Regulation (EC) No 638/2004 of 31 March 2004 – OJ L 102, 7.4.2004, p. 1.

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(Eurostat) are eight weeks (for total values broken down by partner country) and ten weeks (for the complete set), while the deadline for trade with non-EU countries is six weeks. Concerning extra-euro area trade, these delays are too long for policy purposes. In line with the PEEI, total trade figures for the euro area should be available 45 days after the end of the reference month, followed by a more complete set of data around two weeks later.

The ECB gives priority to improvement in the timeliness of euro area external trade results in line with the target of the PEEI (t+45 days) and to improvement in import and export price statistics. Furthermore, the ECB flags a negative priority on detailed Intrastat statistics and calls for a rebalancing of the legal requirements.

5   STATISTICS FOR NON-EURO AREA COUNTRIES

5.1 NON-EURO AREA EU COUNTRIES

Economic statistics for the Member States not participating in the single currency are required for three main purposes. First, a key set of macroeconomic convergence indicators is required for the assessment of convergence under Article 122(2) of the Treaty, except for countries with a derogation. Second, a broader set of statistics is used for monitoring economic development in these countries. All EU NCBs are members of the General Council of the ECB and participate in the Biannual Monetary Policy Coordination Exercise. Finally, in general, those countries should aim at ensuring a smooth integration of their statistics into the euro area statistical framework, including sufficient backdata. This is particularly relevant for those countries with an expected significant contribution to a euro area aggregate.

5.2 STATISTICS FOR ACCESSION COUNTRIES

The ECB's main interest in economic statistics for accession countries before their entry into the EU is to monitor the accession process and economic developments outside the euro area in general. For both purposes, and to provide at least some years of backdata when they join the EU, comparability of

data, and therefore implementation of existing EU regulations on statistics, is important. Once accession countries join the EU, the statistical requirements are identical to those for the other EU countries not currently participating in the single currency.

Before accession to EU, priority is given to timely aggregate key indicators, in particular those needed for monitoring convergence. These are, in particular, aggregate HICPs, the main annual and quarterly national accounts aggregates (expenditure and output, compensation, household income and saving), government revenue and expenditure, employment and unemployment. Other relevant data are supplementary inflation indicators (e.g. producer prices, labour costs), and external trade. Further details can be found in Annex 2.

Annex 1 General Economic Statistics for the euro area regularly needed by the ECB

Indicator (frequency) required	Level of detail required	Timeliness required (reference period + "x" calendar days)	Priority for improvements
A. Prices and costs			
Consumer price index (HICP) (m)	COICOP four-digit, plus more detailed breakdown at euro area level; homogeneous aggregations; estimates of the impact of tax changes and administered prices.	t + 15 (and t+0 for first estimates)	Owner-occupied housing Quality adjustment HICP Constant Tax index
Producer price index Industry (m) Construction (q) Services (q)	NACE Rev. 1 Divisions Building construction, civil engineering NACE Rev. 1 Division (market services)	t + 35 t + 45 t + 60	Euro area aggregate producer prices for market services
Compensation, gross wages and salaries, unit labour costs, average labour cost per employee/per hour (m/q)	National accounts (q): at least A6 Short-term statistics (m): NACE Rev. 1 Divisions Labour cost statistics (m/q): contractual wages, other wages, other labour cost, NACE sections	t + 60 t + 30 t + 70	Hourly compensation Better timeliness Full implementation of LCI
Raw material (commodity) prices (w)	By individual commodity and main group	t + 5	-
Residential property prices (q)	Houses and flats, new and existing, large cities	t + 60-90	Quarterly euro area index
Wage settlements (m/q)	By main sector and timeliness (details depending on wage formation process)		-
Export and import price indices (extra-euro area) (m)	NACE Rev. 1 Divisions	t + 45	Availability of euro area aggregates

Indicator (frequency) required	Level of detail required	Timeliness required (reference period + "x" calendar days)	Priority for improvements
B. Demand and output			
National accounts for the economy (q/a)	Main aggregates for the economy, main branches and products (ESA 95 Table 1)	t + 60, flash estimates for GDP and main components earlier	Better timeliness (quarterly accounts with expenditure and output breakdown in t+60)
National (non-financial) accounts by institutional sector (q/a)	Breakdown in S11, S12, S13, S14+15, S2, covering in particular main balances	t + 90	Euro area aggregates for quarterly accounts by institutional sector
Annual national accounts (a)	ESA 95 Tables 3 (A31), 4 (with euro area/non-euro area breakdown), 5 (COICOP 3 digit), 8 (detailed sector accounts)	t + 180-270	Availability of euro area aggregates
Capital stock (a)	Total, public sector, Pi6, gross and net	t + 1 year	Availability of euro area aggregates
Non-financial assets (a)	Whole economy, household sector, housing	t + 1 year	Availability of euro area aggregates, household sector data on housing
Supply and use tables (annual)	ESA 95 Table 15 (A60/P60)	t + 2-3 years	Availability of euro area aggregates
Input-output tables, (five-yearly)	ESA 95 Table 17 (P60/P60)	t + 2-3 years	Availability of euro area aggregates
Industrial production (NACE C-F) (m)	NACE Rev. 1 Divisions [1]	t + 30	Better timeliness
New orders received by industry (NACE D-F) (m)	NACE Rev. 1 Divisions [1], euro area/non-euro area origin	t + 30	Better timeliness, deflated results, proper definition of euro area export orders
Retail trade turnover (nominal and at constant prices) (m)	NACE Rev. 1 Divisions and Groups	t + 30	-
Turnover in industry (NACE C-F) (m)	NACE Rev. 1 Divisions	t + 45	Better timeliness
Turnover (production) in main service sectors (m)	NACE Rev. 1 Divisions (and groups where these are heterogeneous)	t + 45	Availability of euro area aggregates
Industry opinion survey (m)	NACE Rev. 1 Divisions	t + 0	Complete market service sector coverage
Consumer opinion survey (m)		t + 0	-
Building permits (or housing starts) (m)	By main types of building	t + 45	-
External trade (with non-euro area countries), values and volumes (m)	Two-digit CN, main economic groupings, geographical breakdown	t + 45 (aggregates); t + 60 (details, volumes, unit values)	Better timeliness (PEEI target)

Indicator (frequency) required	Level of detail required	Timeliness required (reference period + "x" calendar days)	Priority for improvements
C. Government non-financial accounts			
Government revenue and expenditure (a)	Breakdown as published in the euro area statistics of the ECB Monthly Bulletin	t + 90	Improvement of the coverage
Government revenue and expenditure (q)	Simplified but consistent breakdown compared with annual data	t + 90	Full implementation
Government accounts (q)	Breakdown for S13 in line with quarterly national accounts (including capital accounts) by sector (see Section B)	t + 90	Full implementation
National accounts (a)	ESA 95 Table 8 for S13 and Table 11 (COFOG)	t + 180-240	Availability of euro area aggregates
D. Labour market			
Employment and employees (m/q)	First estimate whole economy (m/q) National accounts (q): at least A6 Short-term statistics (m/q): NACE Rev. 1 Divisions Labour Force Survey (m/q): Main results Labour Force Survey (q/a): Detailed results	t + 45 t + 60 t + 30 t + 60 t + 90	Better timeliness, statistics on services sector, monthly data
Unemployment (m)	By branch: at least A6 By age: broad age groups By duration: short, medium, long-term	t + 30	Breakdown by duration of unemployment
Supplementary measures of under-employment and the labour reserve (q)	Underemployment by main branch Labour reserve by age and gender [2]	t + 60	Aggregate data for time-related underemployment
Supplementary flow measures of unemployment and employment (m/q)	New unemployed; new hirings (fixed, temporary, part-time, full-time) [2]	t + 45	Aggregate data for new unemployed and new hirings
Hours worked (m/q)	National accounts (q): A6 Short-term statistics (m): NACE Rev. 1 Divisions	t + 60 t + 45	Availability of euro area aggregates
Job vacancies (q)	By branch: at least A6	t + 45	Better coverage and comparability of euro area aggregate

1) And building construction and civil engineering for construction.
2) Breakdown/details not required at high frequency.

EXPLANATION:

The table contains a collection of the most frequently used macroeconomic statistics for prices and costs, the real economy, the government non-financial accounts and the labour market. Further related statistics used for specific purposes, e.g. research, are not included.

Annex 2: General Economic Statistics for accession countries needed by the ECB

Indicator and frequency	Level of detail	Timeliness (first results) [1] (reference period + "x" days)
Consumer price index (HICP) (m)	COICOP one-digit, plus additional homogeneous aggregations	t + 35
National accounts for the economy (q/a)	Main aggregates for the economy (ESA 95 Table 1)	t + 90 (q) t + 360 (a)
Employment and unemployment (q)	Total and main groups	t + 90 (LFS), t+90 (National Accounts)
Industrial production and producer prices (m)	Total and main industrial groupings	t + 50-60
External trade (m) [2]	Total, trade with EU, euro area, other	t + 56
Business and consumer opinion surveys (m/q)	Confidence indicators and main components	t + 15
Government revenue and expenditure (a)	Main categories	t + 120

1) The timeliness indicated corresponds to the requirement in existing EU Regulations (except opinion surveys).
2) Detailed external trade information for accession countries can also be derived from corresponding statistics for the euro area as declaring country.