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

**on the implementation of Decision (EC) 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)**

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1. INTRODUCTION

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

This report documents the activities carried out by Member States under the MEETS Programme together with the Commission (Eurostat), with respect to the provisions of the MEETS Decision and the associated Commission Decisions on the annual work programmes for 2009 and 2010, both adopted in 2009. The MEETS project follows very closely the main orientations set out in the Communication from the Commission to the European Parliament and the Council of 10 August 2009 on the production method of EU statistics: a vision for the next decade¹.

2. OBJECTIVES, ANNUAL ACTIONS AND PRIORITIES

The first annual work programme (for 2009) started all the actions for a fundamental re-engineering and modernisation of enterprises and trade statistics provided for in the basic MEETS Decision. The actions were continued in the second annual work programme (for 2010) and are still ongoing. Therefore, the focus of this report is on the progress made so far in the implementation of the actions, with particular emphasis on the collaborative networks in the European Statistical System (ESS), the so-called 'ESSnets', established for a number of activities. ESSnets were developed to share expertise and channel knowledge in the ESS and encompass project work performed by some Member States, with the results being made available for the whole ESS.

In addition to ESSnets, funding was provided for individual grant agreements concluded with National Statistical Institutes (NSIs), and a number of external studies were also contracted. Other projects were prepared by Eurostat and NSIs which have no financial implications as yet. To assist in the implementation of the programme, funding was used for technical and administrative support, for example to organise workshops and task forces with national experts. In total, EU funding amounted to around € 5 million and € 10 million for the 2009 and 2010 work programmes respectively, covering more than 25 projects. Grants, either

¹ COM(2009) 404.

through ESSnets or individual grants, were the most common instrument for financing the actions (around 90%).

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

2.1.1. Identifying areas of lesser importance

The need to reduce the burden on respondents as well as to lower the costs for producing statistics has led to a review of priorities. The aim of this project is to identify those areas and characteristics from the legal requirements of business statistics which have become less important and consequently can be removed from these requirements. This was done via a study ("Inventory of legal acts and methodologies of business and trade statistics") and the so-called "filter exercise", which was carried out in 2009 by Eurostat in close co-operation with NSIs in order to identify which legal acts or parts of legal acts in the area of business statistics should be looked at more closely. These priorities (a number of variables) were validated for structural business statistics by the European Statistical Advisory Committee (ESAC) at the beginning of 2010, and were also the subject of consultation with the European Trade Associations (FEBI). For short term statistics, the user consultation was carried out in the context of the regular rolling reviews in this area, consisting of a user survey, a survey among NSIs and a process review in Eurostat.

The proposals for both data collections were referred back to the relevant working groups.

2.1.2. Developing new areas

The most important areas to be examined are globalisation and entrepreneurship. The first major project to be mentioned in the area of **globalisation** is the "development of statistics on enterprise groups". The aims of this project are: a) to identify useful and meaningful indicators based on enterprise groups as the observation unit, since they are the main drivers in globalisation and b) to test the feasibility of collecting these indicators. Following two expert meetings held in 2009, a preliminary identification of the user needs and the supply situation from the angles of external trade and business statistics was drawn up. In trade statistics, the focus of interest is on the contribution of enterprise groups to international trade, and on intra-group trade and its share in global trade. In the context of structural business statistics, there is a debate as to whether enterprise groups should be introduced as observation units of business statistics and whether the effect of enterprise groups on small and medium-sized enterprises and business demography statistics should be explored.

A study was carried out to examine user needs for statistics on enterprise groups, to identify possible synergies and to make recommendations on areas of methodological development. The evaluation of the study with experts from Member States and Commission services is currently ongoing, in order to develop a strategy on how to approach this issue in the future. Following the first study and the consultation of the main stakeholders, the methodology on key areas of statistics on enterprise groups will be further developed.

Another important project aims to develop economic indicators on globalisation, mainly based on the OECD Handbook on Economic Globalisation Indicators. A first set of globalisation indicators has been put together and made available online on the Eurostat website. Eurostat set up an internal group to further develop the methodology in this context.

A study on the practical implementation of indicators specified in the OECD Handbook on Economic Globalisation Indicators is ongoing, the objectives being to calculate and disseminate indicators where possible, and to identify the potential for collecting indicators that are not yet available.

To underpin policies related to **entrepreneurship**, indicators such as business demography and employer business demography have been developed. Further examination of entrepreneurship indicators is ongoing with the aim of reaching international agreement on a set of indicators in line with the joint OECD/Eurostat Entrepreneurship Indicators Programme, where a joint Eurostat/OECD workshop focusing on the determinants of entrepreneurship, e.g. the regulatory framework, is in preparation.

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

Business and trade statistics are compiled in accordance with EU legislation, which has developed over the years. The project "**Improvement of consistency between regulations of different areas of business and trade statistics**" aims to overhaul this legislation in order to provide a methodological, sustainable and cost-effective harmonised framework for different areas of business and trade statistics.

The project started with several task force meetings, where Eurostat and the participating Member States discussed the work programme and the implementation of an ESSnet on this subject. The ESSnet was set up with Eurostat taking the coordinating role, because no co-ordinator could be assigned in the Member States. The work programme of the ESSnet is due to look at statistical units used in a first stage. Other aspects to be reviewed are target population, frames, reference period, classifications and their applications (breakdowns, special aggregates) and characteristics and definitions. Individual grants were made to improve the "consistency between balance of payments and trade statistics" and the "consistency between balance of payments and tourism statistics".

2.2.1. Developing statistics on enterprise groups

This action is very closely linked to the project on developing new indicators in the area of globalisation under objective 1, but its focus is on the tools for producing statistics in an increasingly globalised world. The first tool to be mentioned is the **EuroGroups Register**, which is a register for statistical purposes on multinational enterprise groups active in the European Union. The legal basis was established by Regulation (EC) No 177/2008 of the European Parliament and of the Council of 20 February 2008 establishing a common framework for business registers for statistical purposes and repealing Council Regulation (EEC) No 2186/93².

The aim of the EuroGroups Register is to provide the basis for the production of comparable statistics on the globalisation of economies and to provide a unique survey frame consisting of a network of central and national statistical business registers that supports the production of micro based statistics on globalisation.

The initial main milestones have been achieved: data on 5000 multinational groups were integrated and linked to the national statistical business registers; an ESSnet has been

² OJ L 61, 5.3.2008, p. 6.

established for the further development of the methodology of the EuroGroups Registers; central and national register processes have been integrated, common tools to support these processes have been developed and their quality improved. This was done in workshops with NSIs and National Central Banks and by means of grants for the development and implementation of methods and tools for the EuroGroups Register at national level. .

An ESSnet on 'profiling' has been established in order to develop and implement a methodology for 'profiling' large and complex multinational enterprise groups. The ESSnet carried out a feasibility study and produced recommendations for a statistical unit model which takes into account the operational structure of large and complex multinational enterprise groups.

2.2.2. *Conducting Community surveys to minimise the burden on enterprises*

Eurostat launched a project on "EU sampling schemes" to identify areas of business and trade statistics where not all information is needed at all levels of detail by all Member States.

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

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

The first project to be mentioned is "**data warehousing and data linking in the production of business statistics**". The objective is to support the implementation of more integrated databases and data production systems for business statistics in Member States. There are three main aspects concerning microdata linking and data warehousing that are addressed by this project, namely:

- Data integration, where more efficient use should be made of business statistics that are available in the NSIs by linking microdata and possibly macrodata from different data collections with the aim of making analyses of business data that were not possible before, to respond to user needs in a more flexible way and to reduce the response burden on enterprises.
- Process integration, which involves making the production of business statistics more efficient by replacing isolated data production systems that are specific to individual data collections with generic systems to the largest extent possible, the aims of which are to enable NSIs to make data production more cost-effective, to increase and standardise the quality of the results and to improve statistical data analysis and dissemination.
- Organisational change, in particular managing the introduction and implementation of an integrated statistical production system, including both technical changes and organisational changes.

As several Member States have already introduced data linking and warehousing approaches, this project will be based on an ESSnet which will be established from 2010 onwards. A task force was set up to discuss the work programme in order to enable the start of the ESSnet.

Three specific projects were undertaken which aim to **link micro-data for individual statistics**:

- The first project concerns "linking of micro-data on international sourcing" with structural business statistics and statistics on foreign trade in goods. Grants have been provided to

support Member States' actions in this area. The aim of the project is to analyse the impact of international sourcing on the economic performance, employment and international trade in the goods patterns of enterprises.

- The second project, “new statistical indicators on external trade by business characteristics”, aims to further develop indicators which combine variables from external trade and business statistics, and to test the feasibility of collecting new indicators. These indicators are intended to provide an overview of the structure of the enterprises that are active in international trade and should thus enable users to analyse the impact of trade on production, employment and the performance of enterprises. Besides the identification of new indicators which provide information on the various aspects of European enterprises involved in internal trade, a methodological framework for the compilation of new indicators is under development. The action is supported by a contract and grants.
- The aim of the third project "linking micro-data on ICT usage" is to develop a microdata-linking approach for a more efficient use of basic microdata that are available in the NSIs related to the economic impact of ICT usage by enterprises. An ESSnet was prepared in order to carry out this work.

The aim of the project "**Methodology for modern business statistics (optimal sampling, model based estimation, data integration)**" is to establish and document methods for modern business statistics that contribute to the efficient use of resources and a high degree of comparability of results across countries and domains. An ESSnet was set up to establish best practices in some areas of development (e.g. new data collection tools, modelling, European approaches) and to draw up a handbook on methods for European business statistics (update of the 1997 handbook) taking into account the results of other (MEETS) projects, as well as the methodological recommendations in some specific areas under development.

2.3.2. *Making better use of data that already exist in the economy*

In order to reduce the respondents' burden, data that are already available in the economy should be used to compile business statistics, for example data collected by tax authorities and data produced in accordance with the accounting frameworks. The Regulation on European Statistics (*Article 24*)³ gives the NSIs the right to access administrative data sources to the extent that these data are necessary for the development, production and dissemination of European statistics. However, there are many methodological and practical difficulties to overcome.

To tackle this issue an ESSnet on better use of administrative and accounting data for business statistics was launched in 2009 and will continue its work until 2013. The main objectives of this ESSnet are to investigate the possibilities of wider use of administrative data for business statistics, to make best practices available to NSIs and to prepare recommendations in this area. The focus of the work is to assess common problems arising from the use of different data sources for producing business statistics.

³ Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities (OJ L 87, 31.3.2009, p. 164).

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

One project to be mentioned is "making better use of customs data in external trade statistics (Extrastat)". Extrastat is based on information collected from customs declarations and it will be affected by the changes introduced by the Modernised Customs Code⁴. The Extrastat Regulation⁵ has been amended in order to prepare for these changes, and grants are given to Member States for actions to support the implementation of the new regulation.

For the project "facilitating the use of the Combined Nomenclature" individual grants were provided to National Statistical Institutes to support the preparation of Combined Nomenclature aids for Intrastat declarants.

Preparatory work started for the project "facilitation of data transfer from enterprises to national statistical institutes", which aims to explore the possibilities of simplifying the transmission of data from companies to the national statistical authorities.

2.4. **Objective 4: To modernise Intrastat**

2.4.1. *Harmonising methods to improve quality under a simplified Intrastat*

An amendment to the Intrastat Regulation⁶ was adopted in 2009. This revision simplified the Intrastat system by enabling Member States to exempt more traders from reporting obligations. As this will mean less complete data collection, measures to ensure data quality are needed. Within the action, two projects to improve quality were launched. At the same time, these projects are necessary pre-requisites for possible further simplification measures.

The first project, "Improvement of data quality under a simplified Intrastat system", seeks to improve data quality through the development and implementation of harmonised methods and practices. Methodological guidelines were developed under a service contract and grants were provided to implement actions on quality improvement.

The aim of the second project "Reduction of asymmetries in Intrastat" is the gradual and permanent reduction of asymmetries in intra-EU trade at detailed and aggregated level. In 2009, an initial EU-wide reconciliation round was carried out. The reconciliation round consisted of a series of co-ordinated bilateral studies undertaken by Member States at the most detailed level of data. As a result of the reconciliation round, many significant asymmetries were resolved, and either corrected or prevented for the future. Furthermore, some specific trade flows which need further methodological work were identified. Grants were provided to Member States.

⁴ Regulation (EC) No 450/2008 of the European Parliament and of the Council of 23 April 2008 laying down the Community Customs Code (OJ L 145, 4.6.2008, p. 1).

⁵ Regulation (EC) No 222/2009 of the European Parliament and of the Council of 11 March 2009 amending Regulation (EC) No 638/2004 on Community statistics relating to the trading of goods between Member States (OJ L 87, 31.3.2009, p. 160).

⁶ Regulation (EC) No 638/2004 of the European Parliament and of the Council of 31 March 2004 (OJ L 102, 7.4.2004, p. 1).

2.4.2. Making better use of administrative data

The objective of this action is to arrive at an enhanced use of administrative data by Member States in the production of Intrastat statistics. Intrastat accounts for about half of the statistical burden on enterprises in the EU. The total statistical burden as such is quite small in absolute terms (less than 1% of total administrative burden), but the perception of burden remains high. If the National Competent Authorities for Intrastat were able to make greater use of existing administrative data, both the real and perceived burden could be reduced. Grants have been given to support the linking of the following databases: Intrastat, VAT and VAT Information Exchange (VIES).

2.4.3. Improving and facilitating data exchange within Intrastat

Actions to modernise the data collection with the use of electronic means and internet technologies continued, and the respective tools were further deployed. A major effort was undertaken in the field of data validation and editing by means of automated processes, as well as the application of advanced statistical concepts for error detection and auto-correction.

3. CONCLUSION

Since the adoption of Decision No 1297/2008/EC and the adoption of the first work programme in April 2009, more than 25 projects have been launched for the four MEETS objectives. Major progress has been made in setting up the collaborative networks that are undertaking activities in the following six main areas: consistency of concepts and methods, profiling large and complex multinational enterprise groups, microdata-linking and data warehousing in statistical production, linking micro-data on ICT usage, methodology for modern business statistics and the use of administrative and accounting data. In addition, several projects were launched to support the development and implementation of the EuroGroups Register in the Member States. It should be mentioned, however, that Member States have a limited absorption capacity as regards the additional co-ordination activities involved in the networks.

All the studies that were carried out and finalised will be evaluated together with the main stakeholders from Commission services and the Member States. Developed methodologies will be piloted. The identification of areas of lesser importance will be further integrated into the general overall strategy of Eurostat on priority setting. This strategy is based on the Communication from the Commission to the European Parliament and the Council on priority setting, simplification and reduction of response burden in the field of Community statistics⁷.

⁷ COM(2006) 693 final of 14 November 2006 (OJ C 78, 11.4.2007, p. 8).

Adequate EU funding has been guaranteed by two annual work programmes adopted by the Commission in order to help Member States to achieve the goals in respect of the reducing the burden on businesses and to help the European Statistical System in responding to new needs for statistical information. Thirty-one grants totalling around €13.5m were co-financed and 13 external studies for a total of around €1.5m were subcontracted. In addition, workshops and task forces were financed to develop the actions.

Owing to their complexity, all actions will be continued and more detailed information on the progress made will be provided in the annual reports, which will continue to be produced until 2013.