



COMMISSION OF THE EUROPEAN COMMUNITIES

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Draft
COUNCIL REGULATION (EURATOM, EC)
concerning structural business statistics

(presented by the Commission)

EXPLANATORY MEMORANDUM

The general purpose of the Regulation is to require Member States to provide Eurostat with comparable statistical data relating to the structure, activity, competitiveness and performance of the European business Community. It should be noted that it is the Member States who are responsible for the collection of the data, not the Commission. The Regulation lays down the norms, standards and definitions necessary for producing comparable statistics within the European Union, without detailing the actual collection methods to be used. As such each Member State may conduct the data collection exercises in the manner most appropriate to its own situation, for example to take account of national requirements for the presentation of company accounts.

Needs of Users

The statistical services of the Member States co-ordinated by Eurostat have a significant role to play in meeting the European Union's need for information on the business Community. The recent developments in Community economic and social integration require information for supporting the development and following the impact of initiatives and decisions to be based on more reliable, exhaustive, up-to-date and comparable statistics. Statistical information on businesses is required for the follow-up of the internal market and the development and appraisal of economic, social, industrial, sectoral, regional, competition, enterprise and environmental policies. Furthermore, international treaties such as that instituting the General Agreements on Trade in Services (GATS) require harmonised Community statistics. In addition, businesses themselves need information on their activity and performance relative to competitors in their sector in regional, national and international markets.

Finally, the structural statistical surveys proposed in this Regulation provide an indispensable reference for other business statistics such as the harmonised Community short term and product statistics as well as for the compilation of national accounts.

Existing situation

For many years harmonised Community structural statistics have only been available for a limited part of the business community, namely the traditional industrial sectors of energy and water supply and the extractive, manufacturing and construction industries. The coverage of service sectors in the Member States has been both incomplete and carried out in a non-harmonised format which has severely limited the comparability of the resulting information at a Community level.

The statistical information that has been available for the industrial sectors since the two Council Directives covering this area were adopted (in 1964 and 1972) has become progressively less useful as the inflexibility of the legal instruments has not permitted economic and technical developments to be taken into account during the intervening years.

Aims of the new legal instrument

Provide a common framework for the collection, transmission and development of structural business statistics in order to produce data comparable between the different Member States to support the need for statistical information of the Commission, Member States, enterprises and other users.

Continue and strengthen the development of the Community statistical system, incorporating into the production of structural statistics the recently developed Community statistical tools such as the new classification of activities (NACE Rev.1 - Council Regulation 761/93 of 24.3.1993), the definition of statistical units (Council Regulation 696/93 of 15.3.1993) and the drawing up of business registers (Council Regulation 2186/93 of 22.7.1993) as well as the transmission of confidential data (Council Regulation 1588/90 of 11.6.1990)

Provide flexibility to allow minor changes notably to the list of data to be collected in the future (use of Council Decision 87/373 of 13.7.1987 on 'Comitology').

The Regulation also aims to create a legal framework which is sensitive to the statistical burden on respondents to surveys, in particular by opening up the use of existing administrative information for statistical purposes within the limits of national legislation.

Consultation of interested parties

For the industrial sectors a group of representatives of data suppliers, data collectors and users were consulted at the very outset of the work, prior to the drafting of legislation, to identify the main problems with the statistics provided under the existing legislation for the industrial sectors. A detailed analysis of the needs for statistics in the services sector (where no harmonised Community surveys exist at present) was prepared. This looked at the needs of various Commission services as well as the needs expressed at a national level.

Representatives of the business community at the European level were presented with several drafts of the text.

17/11/1993 Full day meeting with over 50 representatives of industrial and service sectors and chambers of commerce. There was support for the co-ordinated approach adopted in the text which should reduce duplication and unnecessary burden. The importance of data freshness and coverage were stressed as was the need for very detailed structural data for sectoral analysis. There were misgivings about the number of variables to be collected and the subsequent burden on the enterprises. The need for a co-ordinated European development of business statistics was underlined, with particular regard to the Europeanisation of business which required activities beyond the scope of individual countries.

17/2/1994 Point of information on the progress and changes made since the previous meeting. Distribution of the text. 43 participants.

14/10/1994 Point of information on the progress and changes made since the previous meeting. Distribution of the text. Approximately 40 participants.

The principal users of industrial structural data within the Commission have been consulted on numerous occasions during the preparation of the draft text. There was support for the extension of the coverage of the surveys, particularly regarding the improved list of variables (R&D, energy and environment) and for the introduction of rapid results (estimations to be provided in advance of final results). There were requests for more variables to be included particularly concerning the depreciation of assets.

The National statistical offices who are responsible for data collection have been consulted on many occasions during the preparation of this text. Discussions have been held in sectoral meetings (industry, distributive trades, services) and subject meetings (Research and development, environmental protection) as well as within the Statistical programme Committee. There is support for the draft text from many countries. The Member States who objected to the text did so principally on the grounds of the cost of setting up new data collection exercises, particularly in the services sector.

Draft
COUNCIL REGULATION (EURATOM, EC)
concerning structural business statistics

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 213 thereof,

Having regard to the draft Regulation submitted by the Commission¹,

Having regard to the opinion of the European Parliament²,

Having regard to the opinion of the economic and social committee³,

Whereas the Council Directive No. 64/475 of 30 July 1964⁴ and Council Directive No. 72/221 of 6 June 1972⁵ which aimed to provide a body of coherent statistics, have not been able to take account of economic and technical changes;

Whereas in its Resolution of 14 November 1989⁶, the Council requested the Commission to improve statistics on distributive trade by rendering them compatible with Community definitions and ensure that more such data are supplied to the Statistical Office of the European Communities;

Whereas in Decision 92/326 of 18 June 1992⁷, the Council adopted a programme for the development of statistics on services, including the drawing up of harmonised statistics at national and regional levels, particularly for distributive trade and distribution;

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- 1 Official Journal * *** of **.**.****, p. *.
 - 2 Official Journal * *** of **.**.****, p. *.
 - 3 Official Journal * *** of **.**.****, p. *.
 - 4 Official Journal L 131 of 13.08.1964, p. 2193.
 - 5 Official Journal L 133 of 10.06.1972, p. 57.
 - 6 Official Journal C 297 of 25.11.1989, p. 2.
 - 7 Official Journal L 179 of 01.07.1992, p. 131.

Whereas in its Directive 78/660 of 25 July 1978⁸ the Council adopted measures to improve the co-ordination of national provisions concerning the presentation and content of annual accounts and annual reports, the valuation methods used therein and their publication in respect of certain companies with limited liability;

Whereas the European Community has in the meantime made substantial progress towards integration; whereas new economic, competition, social, environmental and enterprise policies and guide-lines call for initiatives and decisions based on valid statistics; whereas the information provided for under existing Community legislation or available in the various Member States is insufficient, inadequate or insufficiently comparable to serve as a reliable basis for the work of the Commission;

Whereas in its Decision 93/379 of 14 June 1993⁹ the Council adopted a multiannual programme of Community measures to intensify the priority areas and to ensure the continuity and consolidation of policy for enterprise, in particular small and medium-sized enterprises, in the Community; Whereas statistics are needed to assess the impact of the measures undertaken to achieve the objectives laid down in the Decision, in particular to have statistics which are comparable for businesses of all sectors, statistics on the national and international sub-contracting relations between businesses and improved statistics on small and medium sized enterprises;

Whereas in its Decision 93/464 of 22 July 1993¹⁰ the Council adopted a framework programme for priority actions in the field of statistical information for 1993 to 1997;

Whereas there is a need for statistics on business conduct, in particular concerning training, research, development and innovation, environmental protection, investment, eco-industries, tourism and high-technology industries; Whereas the development of the European Community and the operation of the internal market increase the need for comparable data on the structure of earnings of employees, the cost of labour and of the training by businesses;

Whereas there is a need for complete and reliable statistical sources in order to enable a correct application of the Council Directive on the harmonisation of the compilation of gross national product at market prices (89/130/EEC, Euratom);¹¹

Whereas the compilation of national accounts according to the European System of Integrated Economic Accounts (ESA) requires the development of comparable, complete and reliable statistical sources;

Whereas there is a specific need for regional indicators and accounts to monitor the effects of the allocation of the structural funds;

⁸ Official Journal L 222 of 14.8.1978, p. 1.

⁹ Official Journal L 161 of 02.07.1993, p. 68.

¹⁰ Official Journal L 219 of 28.08.1993, p.1.

¹¹ Official Journal L 49 of 21.2.1989, p. 26.

Whereas, in order to carry out the tasks entrusted to it under the Treaties, especially with regard to the internal market under Article 7a of the Treaty establishing the European Community, the Commission must have exhaustive, up-to-date, reliable and comparable information on the structure, activity and performance of economic activities in the Community;

Whereas standardisation is required to meet Community needs for information concerning economic convergence;

Whereas businesses and their professional associations need such information in order to understand their markets and to know their activity and performance relative to competitors in their sector, at regional, national and international level;

Whereas in accordance with the principle of subsidiarity the creation of common statistical norms that permit the production of harmonised data is an action which can only be undertaken efficiently at Community level; Whereas such norms will be implemented in each Member State under the authority of the bodies and institutions in charge of compiling official statistics;

Whereas the best method of ascertaining the structure, activity and performance of economic activities consists of compiling statistics which conform to common methodological principles and with common definitions of characteristics; whereas it is only from co-ordinated compilation that harmonised statistics can be drawn up with reliability, speed, flexibility and the level of detail required to meet the needs of the Commission and of enterprises;

Whereas the statistical data compiled within a Community system must be of a satisfactory quality and this quality, as well as the burden it entails, must be comparable from one Member State to another, and whereas it is therefore necessary to establish jointly the criteria enabling these requirements to be met;

Whereas it is necessary to simplify the administrative procedures for enterprises, particularly smaller enterprises, including the promotion of new technologies for data collection and compilation; Whereas it may still be necessary to collect directly from businesses the data necessary to compile structural business statistics, using methods and techniques which will ensure that they are exhaustive, reliable and up to date, without giving rise for the parties concerned, in particular for small and medium sized businesses, to a burden out of proportion to the results which users of the said statistics can reasonably expect;

Whereas the General agreement on trade in services (GATS) has been signed and there is a substantial need for statistics implied in its management and development in terms of the size of the signatories' markets and their shares of these markets;

Whereas it is necessary to have a legal framework common to all business activities and domains of business statistics covering also the activities and domains for which statistics are not yet developed,

HAS ADOPTED THIS REGULATION:

Article 1

Aims

- (1) Within the framework of the elaboration of a European Information System on businesses, the Member States shall carry out the production of Community statistics on the structure, activity and performance of businesses in the Member States, as well as the future development of these statistics in co-operation with the Commission.
- (2) For the collection of data and the compilation of statistics referred to in paragraph 1, the Member States, in co-operation with the Commission in accordance with the multiannual framework programme for priority actions in the field of statistical information for 1993 to 1997 as established by Council Decision (EEC) No. 464/93 of 22 July 1993, shall promote the conditions for administrative simplification for businesses in providing official statistics.

SCOPE

Article 2

Coverage

- (1) The present Regulation covers all activities in Sections C to K and M to O of the statistical classification of economic activities in the European Community (NACE Rev.1) as established by Council Regulation (EEC) No 3037/90 of 9 October 1990¹² and amended by Commission Regulation (EEC) No 761/93 of 24 March 1993¹³.
- (2) Statistical units of the types listed in section I of the Annex to Council Regulation No. 696/93 of 15 March 1993¹⁴ classified to one of the activities referred to in paragraph 1 are included in the scope of the Regulation. The use of particular units for the compilation of the statistics is specified in the annexes referred to in Article 4 paragraph 3. Data on activities in Sections M to O of NACE Rev.1 cover private sector entities, general government and private non-profit institutions. The

¹² Official Journal L 293 of 24.10.1990, p. 1.

¹³ Official Journal L 83 of 3.4.1993, p. 1.

¹⁴ Official Journal L 76 of 30.03.1993, p. 1.

identification and classification of government and private non-profit institutions' activities must be carried out using statistical units corresponding to entities which are closest to the statistical units defined in the private sector.

Article 3

Domains

The present Regulation relates to the compilation of statistics on the following domains:

- i the structure of the activities, and their evolution, as well as the type of relations between businesses;
- ii the factors of production used and other elements allowing business activity, performance and competitiveness to be measured;
- iii the regional, national, Community and international development of businesses and markets;
- iv the elements allowing business conduct to be studied;
- v the specific elements for the study of small and medium sized enterprises;
- vi the specific elements for the study of particular regroupings of activities or analysis according to analogous classifications.

OBSERVATION AND ESTIMATION OF CHARACTERISTICS AND THE COMPILATION AND TRANSMISSION OF RESULTS

Article 4

Modules

- (1) The statistics to be compiled for the domains listed in Article 3 shall be divided into modules.
- (2) The modules will be organised as one of two types:

Common module: Statistics to be compiled annually for all or most of the activities listed in Article 2 paragraph 1

Detailed module: Statistics to be compiled for particular regroupings of activities or themes relating to the domains listed in Article 3.

(3) Each module shall be laid down in Annexes to the present Regulation, which form an integral part thereof. The following minimum information shall be laid down in each module:

- i) the activities for which the statistics are to be compiled, drawn from the coverage indicated in Article 2 paragraph 1 of the present Regulation,
- ii) the types of statistical unit to be used for the compilation of the statistics, drawn from the list of statistical units referred to in Article 2 paragraph 2 of the present Regulation,
- iii) lists of characteristics for which statistics are to be compiled for the domains listed in Article 3 and the reference periods for these characteristics. These lists may vary according to the different main activities, sizes, geographical locations, legal forms, financial and economic control and type of the statistical units for which the characteristics need to be observed,
- iv) a list of statistics to be compiled on business demography,
- v) the frequency for the compilation of the statistics which shall be yearly or multi-yearly. If the compilation is multi-yearly, it shall be done at least one every ten years,
- vi) the timetable showing the first reference years for the statistics to be compiled,
- vii) the norms relating to representativeness and quality control,
- viii) the period of time from the end of the reference period within which the statistics shall be transmitted,
- ix) the maximum length of the transition period which may be conceded.

(4) The Annexes to the present Regulation are;

a common module for annual structural statistics in Annex 1,

a detailed module for structural statistics in industry in Annex 2,

a detailed module for structural statistics in the distributive trades in Annex 3.

Article 5

Sources, requirements and administrative simplification

- (1) The Member States shall collect the necessary data for the observation of the characteristics in the lists referred to in the modules in Article 4 and may use a combination of the different sources specified below.

The Member States may collect the necessary data using compulsory surveys where the legal units, which the statistical units called upon by Member States to supply information belong to or are composed of, are obliged to give honest and complete information within the prescribed deadlines.

Equally, compulsory surveys need not be carried out in full or in part if the Member States can collect the data on the relevant population from other sources which are at least equivalent as regards accuracy and quality. For this purpose Member States shall take the necessary measures to allow and facilitate access by the authorities responsible for the collection of data, to administrative sources within their state which meet the necessary accuracy requirements referred to in Article 6 paragraph 2.

The collection of data for the observation of some of the characteristics may imply the drawing of a sample of observation units within the reporting unit.

- (2) The Member States shall estimate the necessary data using statistical inference methods where some or all of the characteristics have not been observed for all of the units for which the statistics are to be compiled according to the modules in Article 4.
- (3) The burden on enterprises, particularly on small and medium sized enterprises, and the representativeness and quality control requirements (Article 6) shall be fully taken into account by the Member States in their choice and combination of the sources and the use of estimation mentioned in paragraphs 1 and 2 above.
- (4) The Member States, with the technical support of the Commission, shall promote the conditions for increased use of electronic data transmission and automatic data processing.

Article 6

Representativeness and quality control

- (1) The Member States shall take the necessary measures to ensure that the data transmitted reflect the structure of the population of the statistical units laid down in the Annexes to the present Regulation, with particular reference to the main activities, the sizes, economic and financial control within the meanings of the GATS and of the Commission Directive (EEC) No. 723/80 of 25 June 1980¹⁵ and geographical locations of the statistical units.
- (2) The Member States shall ensure that the statistics compiled from the collected and estimated data for the populations referred to in paragraph 1 meet the necessary optimal accuracy requirements taking account of the degree of representativeness in the Member State, the need for statistics on the European Community, the benefits of the availability of the data relative to the costs of collection and the burden on small enterprises, as well as the methods used.
- (3) Member States shall transmit to the Commission at its request all of the information necessary to evaluate the degree of accuracy of the results at the Community level. Such an evaluation shall be presented to the Committee referred to in Article 12.

Article 7

Production of results

- (1) From the collected and estimated data (Article 5 paragraphs 1 and 2) the Member States shall produce comparable results in accordance with standardised specifications. The results shall be broken down according to a number of classifications as laid down for each module in Annex.
- (2) In particular the results shall be broken down to the level of the NACE Rev.1 class unless laid down otherwise in the modules referred to in Article 4, or laid down by the Commission after consulting the Committee referred to in Article 12 and in accordance with the procedure laid down in Article 13, in which case the results shall be produced at a more aggregated level of the NACE Rev.1.

¹⁵ Official Journal L 195 of 29.7.1980, p. 35

Article 8

Transmission of results

- (1) The Member States shall transmit the results referred to in Article 7, including the data declared confidential by the Member States pursuant to domestic legislation or practice concerning statistical confidentiality, in accordance with the provisions of Council Regulation No. 1588/90 of 11 June 1990¹⁶ on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities. The said Regulation governs the confidential treatment of information.
- (2) The results shall be transmitted in an appropriate technical form and within a period of time from the end of the reference period which shall be laid down for each module (Article 4 paragraph 3) in the Annexes and shall be no longer than eighteen months. In addition, if laid down in a module, a small number of estimated rapid results shall be transmitted within a period of time from the end of the reference period which shall be laid down for each module in the Annexes and shall be no longer than ten months.

GENERAL PROVISIONS

Article 9

Reports

The Member States shall transmit to the Commission at its request any relevant information with regard to the implementation of the Regulation in the Member States.

Article 10

Transition period and derogations

- (1) A transition period shall be laid down for each module in the annexes.
- (2) During the transition periods derogations from the provisions of the annexes to the present Regulation may be accepted in so far as the national statistical systems in the field of structural business statistics in the particular regrouping of activities concerned require important adaptations.

¹⁶ Official Journal L 151 of 15.6.1990, p. 1.

- (3) The obligations under this Regulation and relevant modules have to be fully applied by all Member States by the end of the transition period in each module.

Article 11

Review

- (1) The Council shall re-examine the present Regulation within three years of the date of entry into force, and at least every three years thereafter.
- (2) For this purpose the Commission shall submit a report to the Council by the beginning of the year of the review on the experience acquired from the work carried out pursuant to this Regulation, in particular regarding the domains listed in Article 3 and the Annexes referred to in Article 4 paragraph 2. The Commission shall at the same time submit the report to the European Parliament.

COMMITTEE PROVISIONS

Article 12

Consultation of the Committee

The procedures for implementing this Regulation, including the measures for adjustment to economic and technical developments concerning the collection and statistical processing of data, the processing and the transmission of the results, in particular:

- i) the updating of the lists of characteristics, statistics on business demography and rapid results insofar that such updating, after a quantitative assessment, does not imply an increase in the number of units surveyed nor of the burden on the units out of proportion to the results foreseen (Articles 4 and 8);
- ii) the frequency of the compilation of the statistics
- iii) the definitions of the characteristics and their relevance for certain activities (Article 4);
- iv) the definition of the reference period (Article 4);
- v) the first reference year for the compilation of the rapid results (Article 8)
- vi) the application of quality controls for NACE Rev.1 classes (Article 6);
- vii) the standardised specifications for the processing of results, in particular the classifications and breakdowns to be used in processing (Article 7);

- viii) the appropriate technical form for the transmission of results (Article 8);
- ix) the updating of the periods of time for the transmission of data (Article 8);
- x) the transition period and derogations from the provisions of this Regulation during the transition period (Article 10),

shall be laid down by the Commission after consultation of the Statistical Programme Committee established by Council Decision 89/382 (EEC/Euratom)¹⁷ according to the procedure set out in Article 13.

Article 13

Procedure

- (1) The representatives of the Commission shall submit to the Committee a draft of the measures to be taken. The Committee shall deliver its opinion on the draft within a time limit which the chairman may lay down according to the urgency of the matter, if necessary by taking a vote.
- (2) The opinion shall be recorded in the minutes; in addition, each Member State will have the right to ask to have its opinion recorded in the minutes.
- (3) The Commission shall take the utmost account of the opinion delivered by the Committee. It shall inform the Committee of the manner in which its opinion has been taken into account.

FINAL PROVISIONS

Article 14

Repeal of existing structural business statistics legislation

The Council Directives No. 64/475/EEC and No. 72/221/EEC shall no longer apply after the transmission of all the data for the 1994 reference year.

¹⁷ Official Journal L 181 of 28.6.1989, p. 47.

Article 15

Entry into force

The present Regulation shall enter into force on the twentieth day following its publication in the Official Journal of the European Communities

This Regulation shall be binding in its entirety and directly applicable in all Member States.

ANNEX 1

A COMMON MODULE FOR ANNUAL STRUCTURAL STATISTICS

Section 1

Aims

This Annex contains a common module for the production of Community statistics on the structure, activity and performance of businesses in the Member States, within the aims laid down in Article 1 of the present Regulation.

Section 2

Coverage

- (1) Activities covered by this module (Article 4, paragraph 3, indent i of the present Regulation): The statistics are to be compiled for all Sections C to K of NACE Rev.1 except Class 6602 and Group 672. When statistics need not be compiled for some of the activities included within the coverage indicated above, this is explicitly mentioned in the list of characteristics below. The collection of data and the compilation of statistics does not apply to units classified to Class 6602, Group 672 and Sections M to O of NACE Rev.1; These units shall be the subject of a specific study laid down in Section 10 of the present Annex. These activities are listed in Section 9 of the present Annex.
- (2) Statistical units covered by this module (Article 4, paragraph 3, indent ii of the present Regulation): When statistics need not be compiled for enterprises constituted of all types of legal units this is explicitly mentioned in the list of characteristics below.

Section 3

Domains

The statistics to be compiled relate to the domains numbered i), ii) and iii) of Article 3 of the present Regulation and in particular to the analysis of value added and of its main components.

Section 4

Characteristics

- (1) The lists of characteristics and statistics (Article 4, paragraph 3, indents iii and v) presented below indicate, where relevant, the type of statistical unit for which the statistics are to be compiled and whether they are to be compiled with a yearly or multi-yearly frequency (Article 4, paragraph 3, indent iv).
- (2) The Commission, after consulting the Committee referred to in Article 12 of the present Regulation and in accordance with the procedure laid down in Article 13 of the present Regulation shall lay down the corresponding titles of the characteristics for which the statistics are to be compiled on activities in Section J of NACE Rev.1 which correspond the closest to those listed in paragraphs 3 to 5 below.
- (3) Yearly Demographic statistics to be compiled for the specified statistical units

Code	Title	Comment
11 11 0	Number of enterprises	
11 21 0	Number of local units	

- (4) Enterprise characteristics for which yearly statistics are to be compiled

Code	Title	Comment
12 11 0	Turnover	
12 12 0	Production value	
12 14 0	Value added at market prices	
12 15 0	Value added at factor cost	
13 31 0	Personnel costs	
12 18 0	Financial surplus	Only legal persons
13 11 0	Total purchases of goods and services	

Code	Title	Comment
13 12 0	Purchases of goods and services purchased for resale in the same condition as received	
14 11 0	Turnover from intra-community deliveries of goods and services	
14 12 0	Turnover from extra-community exports of goods and services	
14 21 0	Intra- community acquisitions of goods and services	
14 22 0	Extra-community imports of goods and services	
15 11 1	Gross investment in tangible goods (excluding land not built upon)	
16 11 0	Number of persons employed	
16 13 0	Number of employees	

(5) Characteristics for which yearly regional statistics are to be compiled

Code	Title	Comment
13 32 0	Wages and Salaries	
15 11 1	Gross investment in tangible goods (excluding land not built upon)	
16 11 0	Number of persons employed	

Section 5

First reference year

- (1) With reference to Article 4, paragraph 3, indent vi of the present Regulation, the first reference year for which the statistics shall be compiled is the calendar year 1995.
- (2) For the reference years 1995, 1996 and 1997, where the necessary data for the compilation of the results for some or all of the characteristics 12 18 0 (financial surplus) and 14 11 0 to 14 22 0 (breakdown of turnover and purchases by geographical market) is not available in one or more of

the Member States, the Member States concerned shall carry out pilot surveys to assess the feasibility of collecting the data necessary for the compilation of results for the characteristics for which data is unavailable. In accordance with Article 9 of the present Regulation the Member States shall inform the Commission of the outcome of the pilot surveys. In accordance with Article 11 of the present Regulation the Commission shall submit a report to the Council on the outcome of these pilot surveys which shall include a recommendation on the continuation of the action.

Section 6

Report on the quality of statistics

For each characteristic provided the Member States shall provide the degree of precision related to a confidence level of 95% which the Commission shall present in its report foreseen by Article 6 of the present Regulation, taking account of the application in each Member State of the said Article.

Section 7

Production of results

- (1) The results for the enterprise statistics are to be broken down to the level of the regroupings of activities listed in Section 9 of the present Annex.
- (2) The results for the enterprise statistics are also to be broken down into size classes for each group of Sections C-G of the NACE Rev.1 and at the level of the regroupings listed in Section 9 of the present Annex for the other Sections.
- (3) The results for the regional statistics are to be broken down to the NACE Rev.1 2-digit level (divisions) and the level II of the Nomenclature of territorial units (NUTS).
- (4) In the case of areas which are eligible for structural funds a more detailed geographical breakdown may be used.
- (5) For the sections G to K of NACE Rev.1 the results for the enterprise statistics in Section 4 paragraphs 3 and 4 above shall be broken down according to the existence or otherwise of a majority control by non-resident enterprises as defined in the GATS.

Section 8

Transmission of results

The results shall be transmitted within a delay of 18 months from the end of the calendar year of the reference period.

Section 9

Regroupings of activities

The following regroupings of activities refer to the NACE Rev.1 classification.

SECTIONS C, D, E AND F

Mining and quarrying; manufacturing; electricity, gas and water supply; construction

Broken down to the NACE Rev.1 4-digit level (class).

SECTION G

Wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods

Broken down to the NACE Rev.1 4-digit level (class).

SECTION H

Hotels and restaurants

55.1 + 55.2

"Hotels" + "Camping sites and other provision of short-stay accommodation"

55.3 + 55.4 + 55.5

"Restaurants" + "Bars" + "Canteens and catering"

SECTION I

Transport, storage and communication

60.1

Transport via railways

60.21 + 60.22 + 60.23

"Other land transport" without "freight transport by road"

60.24

Freight transport by road

60.3

Transport via pipelines

61.1

Sea and coastal water transport

61.2	Inland water transport
62	Air transport
63.1 + 63.2 + 63.4	"Supporting and auxiliary transport activities" without "activities of travel agencies and tour operators; tourist assistance activities n.e.c."
63.3	"Activities of travel agencies and tour operators; tourist assistance activities n.e.c."
64.11	National post activities
64.12	Courier activities other than national post activities
64.2	Telecommunications

SECTION J

Financial inter mediation

65.11	Central banking
65.12	Other monetary inter mediation
65.2	Other financial inter mediation
66.01	Life insurance
66.02	Pension funding
66.03	Non-life insurance
67.1	Activities auxiliary to financial intermediation, except insurance and pension funding
67.2	Activities auxiliary to insurance and pension funding

SECTION K

Real estate, renting and business activities

70	Real estate activities
71.1 + 71.2	"Renting of automobiles " + "renting of other transport equipment"
71.3	Renting of other machinery and equipment
71.4	Renting of personal and household goods n.e.c.
72	Computer related activities
73	Research and development
74.11 + 74.12 + 74.14 + 74.15	"Legal activities" + "accounting, book keeping and auditing activities, tax consultancy" + "business and management consultancy activities", + "management activities of holding companies"
74.13	Market research and public opinion polling

74.2 + 74.3	"Architectural and engineering activities and related technical consultancy" + "Technical testing and analysis"
74.4	Advertising
74.5	Labour recruitment and provision of personnel
74.6	Investigation and security activities
74.7	Industrial cleaning
74.8	Other business activities n.e.c.

SECTION M

Education

80	Education
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SECTION N

Health and social work

85.1	Human health activities
85.2	Veterinary activities
85.3	Social work activities

SECTION O

Other community and social service activities

90	Sewage and refuse disposal, sanitation and similar activities
91	Activities of membership organisation n.e.c.
92.1	Motion picture and video activities
92.2	Radio and television activities
92.3	Other entertainment activities"
92.4 + 92.5	"News agency activities" + "Library, archives, museums and other cultural activities"
92.6 + 92.7	"Sporting activities" + "other recreational activities"
93	Other service activities

Section 10

Reports and pilot studies for particular activities

With reference to Article 9 of the present Regulation, the Member States shall provide the Commission with a report relating to the definition, structure and availability of information on statistical units which are classified to Class 6602, Group 672 and Sections M to O of NACE Rev.1. The Commission, after consultation of the Committee in accordance with the procedure laid down in Article 13 of the present Regulation, shall adopt a series of pilot studies for these activities. By way of the review procedure laid down in Article 11 of the present Regulation, the Commission shall inform the Council of the possibilities for compiling statistics which correspond the closest to those listed in paragraphs 3 to 5 of Section 4 of the present Annex for these activities.

Section 11

Transition period

For the purposes of this common module the transition period (Article 10, paragraph 1) shall not extend more than three years beyond the first reference years for the compilation of the statistics indicated in Section 5 of the present Annex.

ANNEX 2

A DETAILED MODULE FOR STRUCTURAL STATISTICS IN INDUSTRY

Section 1

Aims

This Annex contains a detailed module for the production of co-ordinated harmonised Community statistics on the structure, activity and performance of industrial activities in the Member States within the aims laid down in Article 1 of the present Regulation.

Section 2

Coverage

- (1) Activities covered by this module (Article 4, paragraph 3, indent i of the present Regulation): The statistics are to be compiled for all enterprises and their dependent statistical units classified to the activities within the sections C, D, E and F of NACE Rev.1. These sections cover the activities of mining and quarrying (C), manufacturing (D), electricity, gas and water supply (E) and construction (F).
- (2) Sizes: The statistics to be compiled shall be representative of Statistical units of all sizes classes.
- (3) When statistics need not be compiled for some of the activities or size classes included within the coverage indicated above, this is explicitly mentioned in the list of characteristics below.

Section 3

Domains

The statistics to be compiled relate to the domains numbered i), ii), iii), iv) and v) of Article 3 of the present Regulation, in particular to:

- a central list of statistics for a detailed analysis of the structure, activity, performance and competitiveness of industrial activities,
- a wider list of statistics for the study of special subjects such as sub-contracting, the cost and availability of financing for small businesses.

Section 4

Characteristics

- (1) The lists of characteristics and statistics (Article 4, paragraph 3, indents iii and v) presented below indicate, where relevant, the type of statistical unit for which the statistics are to be compiled and whether they are to be compiled with a yearly or multi-yearly frequency (Article 4, paragraph 3, indent iv). The statistics and characteristics presented in italics are also included in the lists in the common module.
- (2) Yearly demographic statistics to be compiled for the specified statistical units

Code	Title	Comment
<i>11 11 0</i>	<i>Number of enterprises</i>	
11 12 0	Number of births of enterprises	
11 13 0	Number of deaths of enterprises	
<i>11 21 0</i>	<i>Number of local units</i>	
11 31 0	Number of kind-of activity units	

- (3) Enterprise characteristics for which yearly statistics are to be compiled

Code	Title	Comment
<i>12 11 0</i>	<i>Turnover</i>	
<i>12 12 0</i>	<i>Production value</i>	
12 13 0	Gross margin on goods for resale	
<i>12 14 0</i>	<i>Value added at market prices</i>	
<i>12 15 0</i>	<i>Value added at factor cost</i>	
12 16 0	Income from ordinary activities	<i>Only legal persons</i>
12 17 0	Gross operating surplus	
<i>12 18 0</i>	<i>Financial surplus</i>	<i>Only legal persons</i>

Code	Title	Comment
12 19 0	Gross ordinary surplus	Only legal persons
12 20 0	Profit or loss for the year	Only legal persons
13 11 0	<i>Total purchases of goods and services</i>	
13 12 0	<i>Purchases of goods and services purchased for resale in the same condition as received</i>	
13 13 1	Payments for agency workers	
13 21 3	Change in stocks of finished products and work in progress manufactured by the unit	
13 32 0	Wages and salaries	
13 33 0	Social security costs	
14 11 0	<i>Turnover from intra-community deliveries of goods and services</i>	
14 12 0	<i>Turnover from extra-community exports of goods and services</i>	
14 21 0	<i>Intra-community acquisitions of goods and services</i>	
14 22 0	<i>Extra-community imports of goods and services</i>	
15 12 0	Gross investment in land not built upon	
15 13 0	Gross investment in existing buildings and structures	
15 14 0	Gross investment in construction and alteration of buildings	
15 15 0	Gross investment in machinery and equipment	
15 21 0	Sales of tangible investment goods	
15 31 0	Value of tangible goods acquired through financial leasing	
15 35 0	Payments for long term rental and operational leasing of goods	
15 61 0	Purchases of shares and participating interests	
15 62 0	Sales of shares and participating interests	

Code	Title	Comment
16 11 0	Number of persons employed	
16 13 0	Number of employees	
16 13 1	Number of part-time employees	
16 13 2	Number of apprentices	
16 14 0	Number of employees in full time equivalent units	
16 15 0	Number of hours worked by employees	
18 12 0	Turnover from industrial activities	
18 11 0	Turnover from the principal activity at the NACE Rev.1 4-digit level	
18 13 0	Turnover from trading activities of purchase and resale	
18 14 0	Turnover from intermediary activities (agents)	
18 15 0	Turnover from service activities	
20 11 0	Purchases of energy products (in value)	
21 11 0	Investment in equipment and plant for pollution control, and special anti-pollution accessories (mainly end-of-pipe equipment), broken-down into:	Sections C-E only
21 11 1	Waste	Sections C-E only
21 11 2	Air emissions	Sections C-E only
21 11 3	Water protection	Sections C-E only
21 11 4	Noise	Sections C-E only
21 12 0	Investment in equipment and plant linked to cleaner technology ('integrated technology'), broken-down into:	Sections C-E only
21 12 1	Waste	Sections C-E only
21 12 2	Air emissions	Sections C-E only
21 12 3	Water protection	Sections C-E only
21 12 4	Noise	Sections C-E only
22 11 0	Total intra-mural R & D expenditure	
22 12 0	Total number of R & D personnel	

(4) Enterprise characteristics for which multi-yearly statistics are to be compiled

Code	Title	Comment
16 13 5	Number of homeworkers	Divisions 17/18/19/21 /22/25/28/31/32/36
15 42 0	Gross investment in concessions, patents, licences, trade marks and similar rights	
15 43 0	Gross investment in marketing	
15 44 0	Gross investment in software.	
20 21 0	Purchases of hard coal (in value)	
20 22 0	Purchases of coke (in value)	
20 23 0	Purchases of patent fuels (in value)	
20 24 0	Purchases of gasoil (in value)	
20 25 0	Purchases of heavy fuel oil (in value)	
20 26 0	Purchases of other petroleum products (in value)	
20 27 0	Purchases of natural gas (in value)	
20 28 0	Purchases of derived gas (in value)	
20 29 0	Purchases of renewable energy sources (in value)	
20 30 0	Purchases of heat (in value)	
20 31 0	Purchases of electricity (in value)	
21 14 0	Total current expenditure on environmental protection, broken-down into:	Sections C-E only
21 14 1	Waste	Sections C-E only
21 14 2	Aair emissions	Sections C-E only
21 14 3	Water protection	Sections C-E only
21 14 4	Noise	Sections C-E only
23 11 0	Payments to sub-contractors	
23 12 0	Income from sub-contracting	

(5) Characteristics for which yearly regional statistics are to be compiled

Code	Title	Comment
13 32 0	<i>Wages and salaries</i>	
15 11 1	<i>Gross investment in tangible goods (excluding land not built upon)</i>	
16 11 0	<i>Number of persons employed</i>	

(6) Kind of activity unit characteristics for which yearly statistics are to be compiled

Code	Title	Comment
12 11 0	Turnover	
12 12 0	Production value	
13 32 0	Wages and salaries	
15 11 0	Gross investment in tangible goods	
16 11 0	Number of persons employed	

Section 5

First reference year

- (1) With reference to Article 4, paragraph 3, indent vi of the present Regulation, the first reference year for which yearly statistics shall be compiled is the calendar year 1995. The first reference years for the statistics to be compiled with a multi-yearly frequency are specified below for the codes under which the characteristics are listed.

Calendar year 1995	Codes	23 11 0 - 23 13 0
		20 21 0 - 20 31 0
		15 42 0 - 15 44 0
Calendar year 1996	Codes	16 13 5
		21 14 0 - 21 14 4

- (2) Multi-yearly statistics are to be compiled at least every five years.
- (3) For the reference years 1995, 1996 and 1997, where the necessary data for the compilation of the results for some or all of the characteristics 12 16 0 and 12 18 0 to 12 20 0 (income from ordinary activities, financial surplus, gross ordinary surplus and profit or loss for the year), 14 11 0 to 14 22 0 (breakdown of turnover and purchases by geographical market) and 15 61 0 and 15 62 0 (purchases and sales of shares and participating interests) is not available in one or more of the Member States, the Member States concerned shall carry out pilot surveys to assess the feasibility of collecting the data necessary for the compilation of results for the characteristics for which data is unavailable. In accordance with Article 9 of the present Regulation the Member States shall inform the Commission of the outcome of the pilot surveys. In accordance with Article 11 of the present Regulation the Commission shall submit a report to the Council on the outcome of these pilot surveys which shall include a recommendation on the continuation of the action.

Section 6

Report on the quality of statistics

For each characteristic provided the Member States shall provide the degree of precision related to a confidence level of 95 % which the Commission shall present in its report foreseen by Article 6 of the present Regulation, taking account of the application in each Member State of the said Article.

Section 7

Production of results

- (1) The results for the enterprise statistics are to be broken down to the NACE Rev.1 4-digit level (class).
- (2) The results for the enterprise statistics are also to be broken down into size classes and to the NACE Rev.1 3-digit level (group).
- (3) The results for the enterprise statistics are also to be broken down between public and private sector enterprises according to the form of financial and economic control within the meaning of the Commission Directive (EEC) No. 723/80 of 25 June 1980 and to the NACE Rev.1 3-digit level (group).
- (4) The results for the statistics compiled from Kind of activity units are to be broken down to the NACE Rev.1 4-digit level (class)
- (5) The results for the regional statistics are to be broken down to the NACE Rev.1 2-digit level (divisions) and the level II of the Nomenclature of territorial units (NUTS). In the case of areas which are eligible for structural funds a more detailed geographical breakdown may be used.
- (6) The results for the characteristics 21 11 0-4, 21 12 0-4 and 21 14 0-4 (inclusive), concerning current expenditure and investment for the protection of the environment, shall be compiled for the following groupings of NACE Rev.1:

Section C,
Subsection DA,
Subsections DB+DC,

Subsection DD
Subsection DE
Subsection DF
Subsections DG+DH
Subsection DI
Division 27
Division 28
Subsections DK+ DL+DM+DN
Division 40
Division 41

Section 8

Transmission of results

The results shall be transmitted within a delay of 18 months from the end of the calendar year of the reference period.

Rapid results shall be transmitted within 10 months from the end of the calendar year of the reference period, for the enterprise statistics compiled for the characteristics listed below;

Codes	11 11 0 (Number of enterprises)
	12 11 0 (Turnover)
	12 12 0 (Production value)
	13 11 0 (Total purchases of goods and services)
	13 32 0 (Wages and salaries)
	15 11 0 (Gross investment in tangible goods)
	16 11 0 (Number of persons employed)

These rapid results shall be broken down to the NACE Rev.1 3-digit level (group).

Section 9

Transition period

For the purposes of this detailed module for structural statistics in industry, the transition period (Article 10, paragraph 1) shall not extend more than three years beyond the first reference years for the compilation of the statistics indicated in Section 5 of the present Annex.

ANNEX 3

A DETAILED MODULE FOR STRUCTURAL STATISTICS ON DISTRIBUTIVE TRADE

Section 1

Aims

This Annex contains a detailed module for the production of harmonised Community statistics on distributive trade activities within the aims laid down in Article 1 of the present Regulation. This module includes a detailed list of characteristics for which it is necessary to compile statistics to improve knowledge of the regional, national, Community and international development of the distributive trade sector.

Section 2

Coverage

- (1) Activities covered by this module (Article 4, paragraph 3, indent i of the present Regulation): The statistics are to be compiled for all activities within the coverage of section G of the NACE Rev.1. This section covers the activities of wholesale and retail trade; repair of motor vehicles, motorcycles and personal and household goods. Enterprise statistics refer to the population of all enterprises whose main activity is classified in Section G.
- (2) Sizes: The statistics to be compiled shall be representative of Statistical units of all sizes classes.
- (3) When statistics need not be compiled for some of the activities or size classes included within the coverage indicated above, this is explicitly mentioned in the list of characteristics below.

Section 3

Domains

The statistics to be compiled relate to the domains numbered (i), (ii), (iii) and (vi) of Article 3 of the present Regulation and in particular to:

- the structure of the distributive trade network and its evolution, as well as the patterns of association and co-operation between enterprises;
- distributive activity and forms of selling, as well as patterns of supply and sale.

Section 4

Characteristics

The lists of characteristics and statistics (Article 4, paragraph 3, indents iii and v) presented below indicate, where relevant, the type of statistical unit for which the statistics are to be compiled and whether they are to be compiled with a yearly or multi-yearly frequency (Article 4, paragraph 3, indent iv). The statistics presented in italics are also included in the lists in the common module.

Yearly demographic statistics to be compiled

Code	Title	Comment
	Demographic data	
<i>11 11 0</i>	<i>Number of enterprises</i>	
<i>11 21 0</i>	<i>Number of local units</i>	

Enterprise characteristics for which yearly statistics are to be compiled

Code	Title	Comment
	Accounting data	
<i>12 11 0</i>	<i>Turnover</i>	
<i>12 12 0</i>	<i>Production value</i>	
<i>12 13 0</i>	<i>Gross margin on goods for resale</i>	

Code	Title	Comment
12 14 0	<i>Value added at market prices</i>	
12 15 0	<i>Value added at factor costs</i>	
12 17 0	Gross operating surplus	
12 18 0	<i>Financial surplus</i>	Only legal persons
13 11 0	<i>Total purchases of goods and services</i>	
13 12 0	<i>Purchases of goods and services purchased for resale in the same condition as received</i>	
13 21 0	Change in stocks of goods and services	
13 21 1	Change in stocks of goods and services purchased for resale in the same condition as received	
13 31 0	<i>Personnel costs</i>	
13 32 0	Wages and salaries	
13 41 1	Payments for long term rental and financial leasing of goods	
	Data reflecting the extent of integration and internationalisation of enterprises	
14 11 0	<i>Turnover from intra-community deliveries of goods and services</i>	Simplified provisions for division 52
14 12 0	<i>Turnover from extra-community exports of goods and services</i>	Simplified provisions for division 52
14 21 0	<i>Intra-community acquisitions of goods and services</i>	Simplified provisions for division 52
14 22 0	<i>Extra-community imports of goods and services</i>	Simplified provisions for division 52
	Data relating to the Capital Account	
15 12 0	Gross investment in land not built upon	
15 13 0	Gross investment in existing buildings and structures	

Code	Title	Comment
15 14 0	Gross investment in construction and alteration of buildings	
15 15 0	Gross investment in machinery and equipment	
15 21 0	Sales of tangible investment goods	
	Data on employment	
16 11 0	<i>Number of persons employed</i>	
16 13 0	<i>Number of employees</i>	
16 13 3	Number of part-time employees working less than half-time	
16 13 4	Number of part-time employees working half-time or more	
	Breakdown of turnover by type of activity	
18 12 0	Turnover from industrial activities	
18 13 0	Turnover from trading activities of purchase and resale	
18 14 0	Turnover from intermediary activities (agents)	
18 15 0	Turnover from service activities	

Enterprise characteristics for which multi-yearly statistics are to be compiled

Code	Title	Comments
	Information on operating costs other than personnel costs	
13 41 0	Operating costs linked to buildings and equipment	
13 42 0	Cost of selling	
13 43 0	Other operating costs	
	Information on trading links by association and co-operation between enterprises	
	Involvement of the enterprise in an association or co-operation agreement with other enterprises specifically:	
17 11 1	motor vehicle concessionaire	Division 50 only

Code	Title	Comments
17 11 2	motor vehicle dealership	Division 50 only
17 11 3	motor vehicle trader acting as subsidiary of motor vehicle producer	Division 50 only
17 11 4	total or majority of goods for resale purchased from a single supplier	Division 51 only
17 11 5	supplier of a franchising chain or a buying group	Division 51 only
17 11 6	affiliation to a buying group	Division 52 only
17 11 7	affiliation to a franchising chain	Division 52 only
17 11 8	affiliation to a consumers' co-operative	Division 52 only
	Information on forms of trading by enterprises	Division 52 only
	Trading forms, amongst which;	
17 31 1	Trading in stores	
17 31 2	Trading through fixed market stands and/ or stalls	
17 31 3	Itinerant trading	
17 31 4	Mail-order selling	
17 31 5	Other forms of trade than those mentioned above	
17 32 0	Number of retail stores	
17 33 0	Category of sales space for retail stores engaged in retail trade	
17 34 0	Number of fixed market stands and/ or stalls	
	Breakdown of turnover by product type (excluding commissions and other payments for services rendered)	
18 21 0	Breakdown of turnover by product (according to the categories which serve to classify enterprises to NACE Rev.1)	
	Information on types of supplier and types of customer	
	Percentage share of turnover by customer type, specifically:	Division 51 only
25 11 1	resale traders: retail traders	

Code	Title	Comments
25 11 2	professional users (wholesalers, others)	Division 52 only
25 11 3	final consumers (retail trade activity)	
	Percentage share of purchases by type of supplier, specifically:	
25 21 1	wholesalers, purchasing groups	
25 21 2	producers	

Characteristics for which yearly regional statistics are to be compiled

Code	Title	Comments
13 32 0	<i>Wages and salaries</i>	
15 11 1	<i>Gross investment in tangible goods (excluding land not built upon)</i>	
16 11 0	<i>Number of persons employed</i>	

Characteristics for which multi-yearly regional statistics are to be compiled

Code	Title	Comments
12 11 0	Accounting data	Divisions 50 and 52 only
	Turnover	
17 33 1	Information on outlets	Division 52 only
	Sales space	

Section 5

First reference year

- (1) With reference to Article 4, paragraph 3, indent vi of the present Regulation the first reference year for which yearly statistics shall be compiled is the calendar year 1995. The first reference years for

the statistics to be compiled with a multi-yearly frequency are specified below for each of the divisions of NACE Rev.1 for which the data is to be collected:

Sector 52:	1996
Sector 51:	1998
Regional statistics	1999
Sector 50	2000

- (2) The multi-yearly frequency is five years. A special transition period for regional statistics not extending more than three years may be conceded to Member States if the national statistical system requires important adaptations in Distributive Trade statistics or if the Member State has to adapt an existing multi-yearly local unit survey.
- (3) For the reference years 1995, 1996 and 1997, where the necessary data for the compilation of the results for some or all of the characteristics 12 18 0 (financial surplus) and 14 11 0 to 14 22 0 (breakdown of turnover and purchases by geographical market) is not available in one or more of the Member States, the Member States concerned shall carry out pilot surveys to assess the feasibility of collecting the data necessary for the compilation of results for the characteristics for which data is unavailable. In accordance with Article 9 of the present Regulation the Member States shall inform the Commission of the outcome of the pilot surveys. In accordance with Article 11 of the present Regulation the Commission shall submit a report to the Council on the outcome of these pilot surveys which shall include a recommendation on the continuation of the action.

Section 6

Report on the quality of statistics and production of results

- (1) For each characteristic provided the Member States shall provide the degree of precision related to a confidence level of 95 % which the Commission shall present in its report foreseen by Article 6 of the present Regulation, taking account of the application in each Member State of the said Article.
- (2) The enterprise statistics are to be compiled according to the classes of the NACE Rev.1 in accordance with the procedure laid down under Article 7, paragraph 2 of the present Regulation.
- (3) The results for the enterprise statistics are also to be broken down into size classes for each NACE Rev.1 group.
- (4) The regional statistics are to be compiled at the NUTS II level for each group of the NACE Rev.1.

- (5) The coverage of regional statistics to be compiled on a multi-yearly basis corresponds to the population of all local units whose main activity is classified in Section G. However, it can be limited to the local units dependant on enterprises classified in the section G of NACE Rev.1 if such a population covers more than 95% of the total coverage. This ratio is calculated using the employment characteristic available in the business register.
- (6) Simplified provisions for the characteristics relating to the international trading of goods and services: the Member States need not compile these data if the share of such trade in the total sales or purchases of the retail trade sector is less than 5%. This share is to be evaluated by way of multi-yearly surveys.

Section 7

Transmission of results

- (1) The results shall be transmitted within 18 months from the end of the calendar year of the reference period.
- (2) Rapid results shall be transmitted within 10 months from the end of the calendar year of the reference period for the enterprise statistics compiled for the characteristics listed below:

12 11 0 (Turnover)

16 11 0 (Number of persons employed)

These rapid results are to be compiled at the 3-digit level of NACE Rev.1.

- (3) The appropriate technical form for the transmission of results shall be laid down in accordance with the procedure foreseen in the Regulation.

Section 8

Transition period

For the purposes of this detailed module for structural statistics on distributive trade, the transition period (Article 10, paragraph 1) shall not extend more than three years beyond the first reference years for the compilation of the statistics indicated in Section 5 of the present Annex.

Financial Statement

Financial statement relating to structural business statistics

SECTION 1: FINANCIAL IMPLICATIONS

1. Title of operation

Proposal for a Council Regulation concerning structural business statistics

2. Budget headings involved

Chapter B5-6000

3. Legal basis

Article 213 of the Treaty

Council Decision 89/382/EEC of 19 June 1989 establishing a Committee on the statistical Programmes of the European Communities (OJ No L 181 of 28 June 1989).

4. Description of operation

4.1 *Specific objectives of operation*

This Council Regulation aims to make available harmonised statistical information on the structure of the business Community within the European Union to all users of structural business statistics (see 4.3 below). This information is necessary for drawing up, monitoring and evaluating Community policies, in particular concerning the internal market as well economic, social, industrial, sectoral, regional, competition, enterprise and environmental policies. Furthermore, international treaties such as that instituting the General Agreements on Trade in Services (GATS) require harmonised Community statistics.

4.2 *Duration*

Multi-annual (ongoing collection and compilation of statistical data).

Period covered by the action: 1995-98

4.3 *Target population*

The beneficiaries of this operation are all users of official statistics: the Community institutions, the governments of the Member States, economic and social decision makers, research institutes, universities and the media.

5. **Classification of expenditure or of revenue**

5.1 Non-compulsory expenditure

5.2 Differentiated appropriations.

5.3 *Type of revenue involved*

The sale of statistical products (databases, publications) partially covering production costs.

6. **Type of expenditure or revenue**

6.1 *100% subsidy*

The Commissions contribution represents only a part of the cost of collecting the data, approximately 8-10 %. Statistical activities generally and data collection in particular draw extensively on the principle of subsidiarity, and the operating and administration costs are almost exclusively met by the national governments. Nevertheless, the expenditure is essential to provide an incentive for broadening the scope of the national surveys and standardising the results produced by the Member States.

6.2 *Subsidy for cofinancing with the public sector*

Cofinancing with the public sector (budgets of the national statistical services) and the private sector (revenue from sales of statistical products).

6.3 *Interest subsidy*

No

6.4 *Other*

None

6.5 *Should the operation prove an economic success, is there provision for all or part of the Community's financial contribution to be reimbursed?*

No

6.6 *Will the proposed operation cause any change in the level of revenue?*

No

7. **Financial impact on appropriations for operations (Part B of the budget)**

7.1 *Method of calculating total cost of operation*

In so far as existing data collection systems have to be extended or new statistical collection systems developed, the contribution from the Community budget is calculated on the basis of the following hypotheses:

- 8-10 % of the running costs for the first three years of operation for statistics on the industrial and distributive trades sectors

- 8-10% of the running costs for the first four years of operation for statistics on the remaining service sectors

Nature of expenditure by the Member States: Studies, contribution to the costs of data collection, data processing , dissemination and other running costs.

7.2 *proportion of mini-budget in total cost of operation:*

0% (None)

7.3 *Indicative schedule of commitment and payment appropriations*

Financial year	C.A. (ECU)	P.A. (ECU)
Surveys on industrial sectors		
1995	2 050 000	1 025 000
1996	2 050 000	3 075 000
1997	2 050 000	2 050 000
Surveys on distributive trades sectors		
1995	2 050 000	1 025 000
1996	2 050 000	3 075 000
1997	2 050 000	2 050 000
Surveys on services sectors		
1995	1 000 000	500 000
1996	2 500 000	3 000 000
1997	1 500 000	1 500 000
1998	1 000 000	1 000 000

8. **What anti-fraud measures are planned in the proposal for the operation?**

For the contracts and agreements entered into by the Commission payment is solely by results.

The statistical information is considered to be an objective instrument for evaluating Community action programmes and thus contributes to consolidating the anti-fraud provisions.

SECTION 2: ADMINISTRATIVE EXPENDITURE (Part A of the budget)

1. Will the proposed operation involve an increase in the number of Commission staff?

Yes. Two post A and two post B from 1995.

The staff needed to carry out the operation will be obtained either within the allocation of resources decided by the Commission on the basis of future budgets, subject to the decisions of the budgetary authority on new posts, or by internal redeployment.

2. Indicate the amount of staff and administrative expenditure involved in the proposed operation. Explain the method of calculation.

Indicators: 1994 annual employment costs (estimate)

Basis: Average cost of a post at B2 level. ECU 91 095, of which ECU 72 968 staff expenditure and ECU 18 127 administrative expenditure

	Title A1	Title A2
Expenditure:	Staff	Admin.
1995 and following years	291 872	72 508

Costs expressed in constant ECUs at 1994 value.

SECTION 3: ELEMENTS OF COST-EFFECTIVENESS ANALYSIS

1. Objectives and coherence with financial programming

1.1 *Specific objective (s) of proposed operation:*

This Council Regulation aims to make available harmonised statistical information on the structure of the business Community within the European Union to all users of structural business statistics (see 4.3 below). This information is necessary for drawing up, monitoring and evaluating Community policies, in particular concerning the internal market as well economic, social, industrial, sectoral, regional, competition, enterprise and environmental policies. Furthermore, international treaties such as that instituting the General Agreements on Trade in Services (GATS) require harmonised Community statistics. The annexes of the draft Regulation contain a list of statistics that should be provided.

1.2 *Is the operation incorporated in the financial programming of the DG for the years concerned.*

Yes

1.3 *To which broader objective defined in the DG's financial programming does the objective of the proposed operation correspond?*

Information on the internal market ensuring reliable statistics are available to facilitate the proper functioning of the Single Market and promote competitiveness of the Community economy.

2. Grounds for the operation

2.1 Reasons for choosing this operation rather than an alternative which would meet the same objectives.

This operation has the following objectives:

- to provide the Community institutions with the quantitative data for drawing up, monitoring and evaluating plans of action in accordance with Article 3 (2) of the Financial Regulation: 'it therefore contributes to the more effective and appropriate use of the Community budget';

- to provide the national governments with comparable statistics on all the Member States for evaluating and monitoring the progress of Community policies;
 - to provide political, economic and social operators in the Community with statistical information on which to make and evaluate their decisions in their respective fields of action: it is therefore an essential part of the European information market;
 - to provide the scientific community with the information necessary to further analysis and knowledge of economic and social life in the Community.
- (a) **Cost:** This operation is mainly financed by the Member States, which already have systems for collecting data on structural business statistics. However, in certain Member States, these systems are incomplete (or unsuitable) and the results are not harmonised from one Member State to another. If the Commission had to finance the whole of this programme, the cost would be extremely high and the results less reliable. Such an approach would run counter to the principle of subsidiarity.
- (b) **Spin off effect:** Statistical information is collected by a highly decentralised system, in which the national systems have a responsibility at individual Member State level. The Community statistical programme is becoming an integral part of the national statistical programmes, thereby contributing to establishing a European statistical area.

As well as providing statistics on the structure of the business Community, the proposals should improve the availability of data used in the compilation of national accounts.

- (c) **Multiplier effect (ability to mobilise other sources of finance):** The potential for multiplier effects is relatively limited. However, the data foreseen by the draft Regulation will be of considerably greater relevance for users wishing to make international comparisons of the structure of the business Community within the European Union. This should lead to a greater revenue from the sale of statistical products.

3. Monitoring and evaluation of the operation

3.1 *Performance indicators selected*

The operation is monitored as part of the Community statistical programme. The progress of the statistical programme is continuously monitored against a control chart which sets out the operating targets and the resources necessary for each project in target/performance terms. At

the start of each year, Eurostat prepares a report on, the progress of the programme in the previous year. This is in three parts:

- the first summarises the main goals achieved during the year in terms of each policy;
- the second describes the objectives laid down for each project and the results obtained;
- the third provides statistics on the use of human, budgetary, IT and administrative resources during the previous year.

3.2 *Details and frequency of planned evaluation*

It is stipulated in the draft Regulation that the Commission shall submit a report to the Council on the experience acquired from the work carried out pursuant to the Regulation. The report shall also be submitted to the European Parliament. this report shall be prepared at least every three years.

3.3 *Main factors of uncertainty which could affect the specific results of the operation.*

Difficulties may arise if certain Member States - or the Commission - do not manage to release the necessary resources for the success of the operation.

Delays in the implementation of the Council Regulation on Community co-ordination in drawing up business register for statistical purposes would lead to delays in the development of structural business surveys.

Impact Assessment Form

The Impact of the Proposal on Business

with special reference to small and medium sized enterprises (SMEs)

Title of proposal

Council Regulation concerning structural business statistics.

Reference number

The Proposal

1. *Taking account of the principle of subsidiarity, why is Community legislation necessary in this area and what are its main aims?*

The Commission requires statistical information on the structure, activity, competitiveness and performance of the European business Community, in particular for the evaluation and follow up of the internal market. The need for harmonised business statistics has grown with the development of the internal market.

The statistical surveys in place in the Member States have, for the most part, developed since the adoption of the Council Directives No. 64/475 of 30 July 1964 and No. 72/221 of 6 June 1972, which covered the industrial sectors of the economy. These developments have often taken place in an uncoordinated and piecemeal manner as they have been undertaken by national statistical offices in response to national needs for data. The need for similar data has often been expressed within the European Union. Despite efforts by the Commission (Eurostat) it has not been possible to produce comparable statistics within the European Union and the inflexibility of the existing legislation has meant that the European business statistical system has not developed in line with national systems nor with changes in the business environment. The proposed Regulation brings the existing legislation up to date, notably in its coverage of the service sectors and provides an instrument for co-ordinating the many different business surveys undertaken within the EU such that unnecessary burden through duplication of data collection can be avoided.

The purpose of the legislation is to make available comparable structural business statistics for all EU Member States. It aims to do this by harmonising the results to be compiled by the Member States in terms of the coverage, definitions and classifications used. It does not try to harmonise the actual data collection systems in each Member States. The requirement that will be imposed by this Regulation is that each Member State must be able to compile results which are comparable between EU countries, using the data collected in their national systems. Clearly some changes in all of the national systems will be required, but each Member States is free to find the most effective solution in their own country.

The impact on business

2. *Who will be affected by the proposal?*

- which sectors of business?

The proposal aims in the long term to compile comparable results for all sectors of the economy in the Member States, with the exception of ;

- a) private households with employed persons;
- b) extra-territorial organisations and bodies;
- c) the agriculture, hunting, forestry and fishing sectors as well as public administration, defence and activities of compulsory social security.

The requirements in some sectors, particularly industry and distributive trades, are more detailed than in others. This reflects the state of development of business statistics rather than a greater need for information in these sectors than the others.

- Which sizes of business (what is the concentration of small firms)?

The Regulation lays down that the results to be transmitted to the Commission (Eurostat) should be representative of enterprises of all size classes. It does not say how these data should be collected but leaves the responsibility for the construction of a data collection system to each Member State.

However, unlike the preceding legislation (the Directives mentioned above) it specifically permits Member States to use sampling methods rather than to carry out an exhaustive census each year. This gives the Member States the possibility to reduce the number of enterprises questioned each year. In particular it is likely that the percentage of small and medium sized enterprises included in any sample will be considerably smaller than large enterprises.

In addition, Member States will be allowed to estimate some variables rather than collect them. This possibility was introduced into the text with the purpose of allowing Member States to send reduced questionnaires (with a smaller number of variables) to small and medium sized enterprises and to estimate the data which has not been collected using the results from larger enterprises.

Finally, the use of administrative sources rather than special data collection exercises (using questionnaires) is permitted, which should allow some variables to be taken from existing data sources (such as VAT or social security registers). This, when used by Member States, will reduce the number of variables that need to be collected directly from the business community. Such administrative sources, if used by the Member States, will reduce the situation of businesses being required to reply several times to the same questions.

- are there particular geographical areas of the Community where these businesses are found?

The text requires that any samples drawn by Member States should be representative at a regional as well as a national level. In addition to a regional breakdown of a small number of variables for all sectors covered by the Regulation, a detailed breakdown of results for the industrial sectors is required for those areas which are eligible for structural funds (notably objectives 1, 2 and 5b). However, no extra variables are requested, simply a more detailed regional breakdown in order to provide data for an analysis of the impact of these funds.

3. *What will businesses have to do to comply with the proposal?*

The Member States are required to collect the data necessary for the compilation of harmonised results. In doing so it is likely that statistical units will be sampled and sent a questionnaire. Those units drawn in the samples may be obliged (at the discretion of each Member State) to give honest and complete information within the prescribed deadlines.

In accordance with the 18th Declaration in the Maastricht Treaty on estimated costs under Commission proposals, and in order to try to assess the response burden of the new Regulation on the business community, the Commission (Eurostat) asked each of the Member States to provide any information they have on this subject. Only a small number of Member States replied to this request and the replies showed that few of them make any systematic attempt to evaluate these costs for their existing surveys;

Belgium: No information is available. Every effort will be made to keep the response burden to the minimum.

Germany: A survey (carried out in 1979) gives the mean time in hours for the completion of all official questionnaires during one year for different size enterprises in different sectors. These figures therefore cover a much wider scope than the draft Regulation on structural business statistics as they include short-term statistics and product statistics.

	Size class	Hours
Industry (excl. crafts)	1-19	3.0
	20-49	65.3
	50-199	65.6
	200-499	128.7
	500+	137.1

	Size class	Hours
Distributive trades	1-19	2.1
	20-49	8.8
	50-199	14.4
	200-499	24.0
	500+	17.2

Luxembourg: It is estimated that the *additional cost* per year for the enterprises due to the Regulation will be 653,000 ECU

The *total cost* per year for the enterprises for surveys in all sectors will be 1,143,000 ECU. This includes the costs of pilot surveys and assumes that some surveys will only be conducted on a multi-yearly basis.

United Kingdom: Existing information available for the 1992 reference year indicates a *total cost* of ECU 5.2 million per year for enterprises for complying with the existing structural surveys which cover most sectors of the economy as well as the special R & D survey which would be covered by this Regulation. In addition, it has been estimated that the *additional costs* for businesses due to this Regulation would average 84,000 hours per year.

4. *What economic effects if the proposal likely to have?*
- on employment
 - on investment and the creation of new businesses?
 - on the competitive position of businesses?

4.1 Costs

In accordance with the 18th Declaration in the Maastricht Treaty on estimated costs under Commission proposals, an attempt has been made to evaluate the costs for the national statistical offices of compiling the information requested in the draft Regulation. Only three countries provided information and of these only one provided detailed information for all the proposals in the Regulation.

Belgium. The new survey system (after the adoption of the Regulation) will require 80 full time personnel and will cost the public administration ECU 2.15 million. The proportion of this due to the Regulation (rather than existing national needs) is not known.

Germany The new survey system *in the services sectors* (after the adoption of the Regulation) will require from the public administration ECU 2.6 million per year and will require an initial investment in the order of ECU 3.3 million to change the infrastructure. The proportion of the ECU 2.6 million annual running costs due to the Regulation (rather than existing national needs) is not known.

Luxembourg The new survey system (after the adoption of the Regulation) will require an expenditure by the public administration of 747,750 ECU and employ 17.5 persons (full-time). This is an increase of 345,500 ECU and 8.5 persons when compared with the existing situation.

United Kingdom The new survey system (after the adoption of the Regulation) will require an *additional expenditure* from the public administration of ECU 820,000 per year and will require an initial investment of ECU 105,000. The new Regulation will also require an additional 38.5 persons (full-time).

4.2 Benefits

It is difficult to evaluate to what extent a better understanding of the structure, activity, competitiveness and performance of the European business Community resulting from harmonised statistics will have on the creation of enterprises, employment and competitiveness. Any effect will be an indirect one resulting from better formulation and evaluation of policies.

The statistical services of the Member States co-ordinated by Eurostat have a significant role to play in meeting the European Union's need for information on the business Community. The recent developments in Community economic and social integration require information for supporting the development and following the impact of initiatives and decisions to be based on more reliable, exhaustive, up-to-date and comparable statistics. Statistical information on businesses is required for the follow-up of the internal market and the development and appraisal of economic, social, industrial, sectoral, regional, competition, enterprise and environmental policies. Furthermore, international treaties such as that instituting the General Agreements on Trade in Services (GATS) require harmonised Community statistics. In addition, businesses themselves need information on their activity and performance relative to competitors in their sector in regional, national and international markets.

Finally, the structural statistical surveys proposed in this Regulation provide an indispensable reference for other business statistics such as the harmonised Community short term and product statistics as well as for the compilation of national accounts.

4.3 *Balance*

As it is practically impossible to quantify the benefit that will accrue from the availability of harmonised community statistics, it is equally difficult to quantify the net benefit of these same statistics. However, the size of the Community programmes whose execution and evaluation will benefit from the availability of better statistics suggest that the benefit will considerably outweigh the costs of the data collection exercise and the burden on the enterprises.

5. *Does the proposal contain measures to take account of the specific situation of small and medium sized firms (reduced or different requirements)?*

Some Member States have used structural surveys with a threshold (or cut-off), below which enterprises were excluded from the survey. Due to the fact that the structure of a sector varies from one sector to another and from one country to another, it is impossible to compare statistics between sectors or between countries which have been compiled in this manner, and which therefore exclude a larger or smaller proportion of enterprises. It is therefore necessary to compile results which are representative of the whole population. However this does not mean that all enterprises have to be questioned; the use of sampling and methods of statistical inference (expressly permitted by the draft Regulation) will reduce the number of units questioned. This is particularly true for small and medium sized enterprises where the large number of units facilitates the use of sampling.

Where small and medium sized enterprises are included in a sample, the possibility of using a reduced questionnaires (with a reduced number of variables) is available to the Member States, who would then need to use statistical inference methods to compile the full list of variables for the entire population.

As the structure of a sector varies according to the country, the sector and over time, it would be inappropriate to fix thresholds for these reduced questionnaires in the legislation. The Member States are in the best position to judge the usefulness of these practices.

Bearing in mind the current practices in the Member States it is very likely that they will all make use of some or all of these possibilities. Eight EU Member States are known to already use sampling for small enterprises (D, GR, E, F, I, NL, P, UK) and nine use special forms for small or medium sized enterprises (DK, GR, F, Irl, I, L, NL, P, UK).

Consultation

6. *List the organisations which have been consulted about the proposal and outline their main views.*

For the industrial sectors a group of representatives of data suppliers, data collectors and users were consulted at the very outset of the work, prior to the drafting of legislation, to identify the main problems with the statistics provided under the existing legislation for the industrial sectors. A detailed analysis of the needs for statistics in the services sector (where no harmonised Community surveys exist at present) was prepared. This looked at the needs of various Commission services as well as the needs expressed at a national level.

Representatives of the business community at the European level are regularly consulted and informed about developments in business statistics. This draft Regulation was presented to a special meeting of these representatives at the end of 1993 and the representatives were informed about the progress made with this project at the subsequent regular meetings in 1994.

On the 17th of November 1993 a special full day meeting was held with over 50 representatives of industrial and service sectors and chambers of commerce. A detailed comprehensive explanation was given of the draft text and its implications for business. During the discussion there was support for the co-ordinated approach adopted in the text which should reduce duplication and unnecessary burden. The importance of data freshness and coverage were stressed, as was the need

for very detailed structural data for sectoral analysis. There were misgivings about the number of variables to be collected and the subsequent burden on the enterprises. The need for a co-ordinated European development of business statistics was underlined, with particular regard to the Europeanisation of business which required activities beyond the scope of individual countries.

Since this meeting a number of changes have been made to the draft which have reduced the amount of data that will be demanded from the Member States. Most notably, a series of data which was to be requested only from small enterprises has been deleted.

The draft Regulation was presented at regular meetings with representatives of the business community on the 17th of February 1994 (43 participants) and on the 14th of October 1994 (40 participants). At both of these meetings the participants were informed of the changes that had been made to the text and of the timetable of the work being carried out.

The principal users of industrial structural data within the Commission have been consulted on numerous occasions during the preparation of the draft text. There was support for the extension of the coverage of the surveys (industry and services sector), and the improved list of variables (R&D, energy and environment) as well as for the introduction of rapid results (estimations to be provided in advance of final results). There were requests for more variables to be included particularly concerning the depreciation of assets.

The National statistical offices who are responsible for data collection have been consulted on many occasions during the preparation of this text. Discussions have been held in sectoral meetings (industry, distributive trades, services) and subject meetings (Research and development, environmental protection) as well as within the Statistical Programme Committee. There is support for the draft text from many countries. The Member States who objected to the text did so principally on the grounds of the cost of setting up new data collection exercises, particularly in the services sector. Member States have also been consulted on the costs of implementing the Regulation, both for themselves and for the enterprises. Only three countries have so far provided the information requested.

FORM CONCERNING THE EFTA COUNTRIES OF THE EEA

Title of proposal: :

Council Regulation concerning structural business statistics.

The impact on the EFTA countries of the EEA

The EFTA countries of the EEA are concerned by the draft Regulation, and were involved in the discussions on it.

Some took part in the meetings of the working parties and committees at which the draft was discussed.

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