

EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 24 May 2004

at the request of the Council of the European Union concerning a proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1165/98 concerning short-term statistics

(COM(2003) 823 final)

(CON/2004/19)

(2004/C 158/03)

1. On 30 April 2004, the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on a proposal for a regulation of the European Parliament and of the Council amending Council Regulation (EC) No 1165/98 concerning short-term statistics (hereinafter the 'proposed regulation').
2. The ECB's competence to deliver an opinion is based on the first indent of Article 105(4) of the Treaty establishing the European Community. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.
3. The objective of the proposed regulation is to improve European Union (EU) short-term business statistics. In particular, the proposed regulation requires the production of an import price index for industrial products and an output price index for services. It also requires that certain important economic indicators be compiled at higher frequency and transmitted with reduced deadlines.
4. The ECB has specified the short-term statistics it requires for the purposes of conducting monetary policy⁽¹⁾. The proposed regulation follows from the Action Plan on Economic and Monetary Union (EMU) Statistical Requirements (hereinafter the 'EMU Action Plan'), established at the request of the Ecofin Council by the European Commission (Eurostat) in close collaboration with the ECB. The EMU Action Plan called for the improvement of the statistics covered by Regulation (EC) No 1165/98. The proposed regulation is also important having regard to the Principal European Economic Indicators (PEEI), which were adopted by the Ecofin Council on 18 February 2003
5. The ECB strongly supports the proposed regulation which includes indicators of the utmost importance for the assessment of the business cycle and the conduct of monetary policy. Moreover, it is a major step forward towards the establishment of essential monthly and quarterly turnover and output price statistics on services. The proposed regulation reflects the joint proposals by the Statistical Programme Committee and the Committee on Monetary, Financial and Balance of Payments Statistics in February 2003.
6. The ECB particularly welcomes the higher frequency and the tighter transmission deadlines for many indicators. For the assessment of the economic situation by the ECB timely aggregated indicators are more important than detailed breakdowns.
7. The ECB is also in favour of the introduction in the proposed regulation of the breakdown of new orders and prices by their origin, that is, within or outside the euro area. They are needed by the ECB to allow it to distinguish between euro area and non-euro area economic developments. The ECB agrees that this breakdown should only be produced by those Member States which have adopted the euro. However, it is important that those Member States which adopt the euro in the future will also be able to provide sufficiently long back series at that time.

⁽¹⁾ Statistical requirements of the European Central Bank in the field of general economic statistics, European Central Bank, August 2000. See also the opinion of the European Monetary Institute on a proposal for a Council regulation concerning short-term statistics (CON/97/19).

8. The ECB welcomes the option set out in the proposed regulation of compiling certain euro area indicators by means of so-called 'European sample schemes'. In the light of limited resources and the need to set priorities, this helps to improve euro area statistics and, at the same time, it may reduce the resources required at the national level. For the same reason, the ECB supports the fact that the proposed regulation significantly reduces the transmission requirements for small EU countries, allowing them to focus on compiling the main aggregates.
9. Some further efforts are needed to improve the comparability of existing statistics covered by Regulation (EC) No 1165/98. Though much progress has been achieved since 1998, there are various factors that still hamper the quality of the euro area aggregates and the comparability of the national data (such as the different national practices for working-day and seasonal adjustment and for revisions).

B. Specific remarks

10. The ECB is in favour of the new import price variable (Annex, Part A) to be compiled from 2005, and the planned deadline for its transmission. This variable will yield important additional information for euro area price analysis. The ECB requires this variable in order to determine prices of industrial imports by the euro area as a whole from outside the euro area.
11. For data on employment, hours worked and gross wages and salaries, the proposed regulation requires quarterly data, with a transmission deadline of three months (two months for employment). For the purposes of the ECB, this quarterly frequency in combination with the long transmission deadlines is unsatisfactory. For the main euro area aggregates, these data should be available at a monthly frequency and with a transmission deadline of one month at most.
12. The ECB is pleased to note the shortened transmission deadline and the move from a quarterly to a monthly frequency for statistics on production in the construction sector (Annex, Part B).
13. The ECB welcomes the planned feasibility study on the production of a construction output prices variable. Such a variable should supplement the current variable on construction costs – which is an input price index – since the output price index is more suitable for price analysis.
14. The ECB welcomes the major improvements planned for services statistics, in particular the introduction of an output price index. This index will provide a valuable component for euro area price analysis, and will also help to improve the quality of growth estimates in the national accounts. Given that the PEEI publication target for the output price index is not later than two months after the reporting quarter, the ECB suggests the alignment of the required transmission deadline in the proposed regulation (three months) with the more appropriate PEEI publication target. Moreover, the proposed regulation will set a date up until which the list of service activities covered by output price statistics may be modified (Annex, Part D). As entirely new statistics are being developed this restriction may be counterproductive. The coverage of services output prices statistics should be modifiable when needed, according to changing information requirements. The ECB would therefore suggest deleting the deadline.
15. Regarding the services turnover variable, the proposed regulation shortens the transmission deadline from three to two months, which is welcomed. The ECB also supports the planned feasibility studies concerning compiling services turnover variables at a monthly frequency.

Done at Frankfurt am Main, 24 May 2004.

The President of the ECB
Jean-Claude TRICHET
