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## **PROPOSAL**

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From:	Secretary-General of the European Commission, signed by Mr Jordi AYET PUIGARNAU, Director
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To:	Mr Jeppe TRANHOLM-MIKKELSEN, Secretary-General of the Council of the European Union
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Subject:	COMMISSION STAFF WORKING DOCUMENT EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT Accompanying the document Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European business statistics amending Regulation (EC) No 184/2005 and repealing 10 legal acts in the field of business statistics

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Delegations will find attached document SWD(2017) 99 final.

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Brussels, 6.3.2017  
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**COMMISSION STAFF WORKING DOCUMENT**  
**EXECUTIVE SUMMARY OF THE IMPACT ASSESSMENT**

*Accompanying the document*

**Proposal for a**  
**REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL**  
**on European business statistics**  
**amending Regulation (EC) No 184/2005 and repealing 10 legal acts in the field of**  
**business statistics**

{COM(2017) 114 final}  
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## Executive Summary Sheet

Impact assessment on the Proposal for a Regulation Of The European Parliament And Of The Council on European Business Statistics ("FRIBS").

### A. Need for action

#### Why? What is the problem being addressed?

The growing information needs for policymaking and other purposes increasingly confront Eurostat and the National Statistical Authorities (NSAs) with additional requirements for high quality statistics. The current system for European business statistics is fragmented into 10 separate domain-specific legal acts, which inflexibly fix the contents and the technical requirements of the data production. The resulting fragmented and inflexible legal system contributes to the following key problems: (1) lack of consistent and streamlined legal framework; (2) lack of flexibility; (3) little support to the use of innovative methods and data sources; (4) quality issues in particular with regard to consistency across different domains of business statistics; (5) high burden on data providers. The ultimate consequence of these problems is that the production of European business statistics is increasingly inefficient and rigid while its users are dissatisfied.

#### What is this initiative expected to achieve?

The initiative aims to enhance the flexibility and responsiveness of European business statistics to changing user needs; to increase their consistency and quality. The initiative supports the main priorities of the Commission by providing more consistent and relevant data to monitor e.g. growth, job creation, competitiveness, research and innovation, the digital single market, the impact of globalisation and the functioning of the internal market. The initiative facilitates more cost-efficient and modern data production and provides the means for a significant reduction of administrative burden on data providers (businesses).

#### What is the value added of action at the EU level?

Under Article 338 TFEU of the Treaty on the Functioning of the European Union (TFEU), the EU legislators shall have competence to adopt measures for the production of statistics where necessary for the performance of the activities of the Union. There is a whole range of EU policy areas (activities) whose development and monitoring relies on data covered by business statistics: e.g. - employment, competitiveness, innovation, trade, industry, regional, economic and monetary policy. Thus, the data collections considered in this IA are inputs for the performance of the Union's activities. The essential need for international comparability makes EU intervention indispensable.

### B. Solutions

#### What legislative and non-legislative policy options have been considered? Is there a preferred choice or not? Why?

A range of options has been considered and stakeholders extensively consulted. The preferred choice (Option C4 - Modernisation of business statistics in a single framework (FRIBS) using a mix of measures (combination of sub-options SIMSTAT and Revised Intrastat) responds best to the policy objectives and the goals of the Regulatory Fitness and Performance programme (REFIT) by simplifying and streamlining the heterogeneous and inconsistent legislation currently governing business statistics into one single legal framework. It has the highest potential for reducing regulatory burden. This option makes the European business statistics system fit for the future by facilitating the use of modern, cost-effective data production methods, by improving the flexibility and responsiveness to policy user needs, by increasing the analytical value and the quality of the data and it maximises the EU-value added.

#### Who supports which option?

Any revision of data production methods or data requirements involves costs for NSAs in the short term, but potential decreases of costs in the longer run are recognised. Data users support improved timeliness, coherence and comparability of data as well as responsiveness to their needs. Data providers support and benefit from the maximum response burden reduction potential of Option C. More specifically, data compilers (NSAs) support the preferred policy option C4 - Modernisation of business statistics in a single framework (FRIBS) using a mix of measures (combination of sub-options SIMSTAT and Revised Intrastat) for the modernisation of Intrastat.

<b>C. Impacts of the preferred option</b>
<p><b>What are the benefits of the preferred option (if any, otherwise main ones)?</b></p> <p>Besides the qualitative advantages mentioned, Option C4 has the potential for reducing the burden on data providers (13.5 % burden reduction) while maintaining high quality of the produced statistics. The streamlined and simplified legal framework would achieve the objectives of the REFIT programme and create improved flexibility. This in turn would benefit data users – including producers of macro-economic indicators such as the GDP- by improving timeliness and responsiveness, data quality and by guaranteeing consistency of business statistics also in the long term.</p> <p>The national data compilers' production processes would benefit from improved access to administrative and other data sources as well as from the possibility to use and exchange micro-data. More integrated processes should also facilitate long term overall cost savings for them.</p>
<p><b>What are the costs of the preferred option (if any, otherwise main ones)?</b></p> <p>The preferred option faces initial implementation costs for data compilers, due to revisions in the data production processes and due to new data requirements. The impact assessment shows that the additional implementation costs for NSAs in the short term are outweighed by the efficiency gains at the system-level in the longer term. The estimated one-off investment costs per Member State would be between EUR 1.25 million and EUR 1.9 million and the initial additional operating costs between EUR 691 000 and EUR 700 000 annually per Member State. The expected longer term effects at the EU-level are estimated to be between maximum net cost savings of EUR 10 million and maximum net cost increase of EUR (+) 9 million over a ten year implementation period (in present value terms, depending on the final implementation modalities in the individual Member States).</p>
<p><b>How will businesses, SMEs and micro-enterprises be affected?</b></p> <p>On the one hand, the additional data requirements might result in limited burden for SMEs especially as regards the increased information on the services sector. In the qualitative consultation responses provided by the data compilers the NSAs have assured that the utmost care is taken to ensure that the burden on the SMEs is as limited as possible by e.g. using administrative data or advanced statistical methods. On the other hand, the modernisation of intra-EU trade in goods statistics would also significantly reduce the burden of SMEs (involved in intra-EU trade in goods). Any possible burden increases on SMEs would be kept limited also because many countries will use administrative data (combined with model-based estimation methods) for fulfilling new data requirements.</p>
<p><b>Will there be significant impacts on national budgets and administrations?</b></p> <p>The implementation costs have an impact on the budget of NSAs, and therefore indirectly on national budgets. The statistical regulatory framework foresees safeguards that would limit as much as possible the costs. The Commission has already contributed around EUR 13 million in the form of grants to fund the additional costs that NSAs face to adapt their production processes to the changes that would be introduced by FRIBS. Additional financial resources will be deployed in the future – depending on budget availability - in order to facilitate the implementation of FRIBS. Due to the efficiency gains from other provisions of FRIBS which do not result in quick cost reductions, but will take more time, the initial cost increases are expected to be compensated in the medium and long run.</p>
<p><b>Will there be other significant impacts?</b></p> <p>No other significant impacts have been identified.</p>
<b>D. Follow up</b>
<p><b>When will the policy be reviewed?</b></p> <p>The initiative foresees regular quality reporting by Member States which contain relevant monitoring information on the various elements targeted. The European Statistical Programme – including European business statistics - currently covering the period 2013-2017 (to be extended to 2020) is assessed at mid-term and when it terminates. Key performance indicators are followed-up annually.</p>