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PUBLIC CONSULTATION PAPER

Document accompanying the public supplementary consultation on the new data requirements of the Framework regulation integrating business statistics (FRIBS)

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1. Background

Existing business statistics in the EU follow a traditional stovepipe approach. Indeed, the statistical information on Member States' economic activity of the business sector is currently based on a high number of different European legal texts which do not provide an integrated and consistent approach towards their collection, compilation, transmission and dissemination. This has resulted in a situation where:

- The methodological guidelines are manifold and not consistent (this even holds for the required variables, statistical units and registers);
- The number of surveys on businesses and their periodicity are not co-ordinated and thus not optimised;
- The systematic use of administrative sources is not generalised;
- The potential for the exchange of micro-data among National Statistical Institutes of the Member States within the umbrella of the European Statistical system is not fully exploited;
- The burden on enterprises of intra-EU trade statistics (Intrastat) requires a substantial reduction;
- International trade in services is not sufficiently developed in line with other business statistics, in particular, international trade in goods statistics;
- Data linking across business domains is very difficult or not possible.

The *Communication from the Commission to the European Parliament and the Council on the production method of EU statistics: a vision for the next decade* (COM(2009)404)¹ (the so-called "Vision" paper) states that the simplification and improvement of the regulatory environment for the European business sector is a priority of the Commission. According to Communication 404, the new generation of statistical legislation would deal with broader areas enabling the integration of interdependent production systems drawing upon multiple sources.

The **European Statistical Programme 2013-2017**² defines business statistics as one of the three pillars of the statistical information system. Each of these pillars covers a set of primary statistics which will have to serve multiple needs and be the input for the accounting systems (e.g. National Accounts or Balance of Payments) and further on to derive indicators for different policy needs.

The flexibility of European business statistics should be improved to enable it to react to the changing economic environment and to provide a quick and timely response to emerging user needs. The main stakeholders are demanding more and better information to assess the impact on the economies of issues not sufficiently covered by the existing business statistics and to get a more comprehensive and coherent picture of the activities of the enterprises by linking data from different currently separated domains. Business statistics, in addition, are also a basic element for the compilation of other relevant statistics, in first instance National Accounts (at national level) but also in other statistical areas (for example environmental accounts).

Nonetheless, the achievement of a flexible system of business statistics faces the limit imposed by the priority to reduce the statistical burden on respondents, notably enterprises, and the reduction of resources for national statistical authorities.

¹ See <http://eur-lex.europa.eu/LexUriServ/LexUriServ.do?uri=COM:2009:0404:FIN:EN:PDF>

² See <http://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=CELEX:32013R0099&from=EN>

These constraints force business statistics in the EU to seek for a rational development, based on emphasised synergies, and to establish positive and negative priorities. It is only from an integrated collection and compilation based on common methodological principles and definitions that harmonised statistics related to the structure, the economic activities and the performance of the business sector can be drawn up with reliability, flexibility and the level of detail and quality required to meet users' needs and, at the same time, minimising the statistical burden on respondents.

2. Framework Regulation Integrating Business Statistics (FRIBS)

In order to reach the objectives of Communication 404 and of the European Statistical Programme 2013-2017 in the area of business statistics, Eurostat has launched a project aimed to establish a cross-cutting legal framework for the systematic collection, compilation, transmission and dissemination of European statistics related with the structure, economic activity, competitiveness, global transactions and performance of the business sector (hereinafter referred to as FRIBS).

The main policy objectives are:

- **streamlining and rationalising** the reference framework for European business statistics, reducing unnecessary statistical burden on respondents;
- **defining a new architecture** for European business statistics instrumental to the compilation of quality and purpose-relevant European business statistics, including the provision of higher quality statistics on services, globalisation and entrepreneurship.

On the one side, FRIBS would provide certain common infrastructure tools for the production and compilation of business statistics. This would allow a rationalisation of the statistical production at national level emphasizing synergies, a better use of existing data sources and reducing the administrative burden on respondents and on national authorities compiling business statistics. On the other side, FRIBS would define consistent data requirements and a common conceptual and data quality framework which should allow linking the statistics collected through the regular collection of business statistics, bringing more added value to the information gathered. The resulting statistics should allow taking informed decisions to develop an economy based on knowledge and innovation, to improve access to the single market for small and medium businesses, to develop entrepreneurship and improve competitiveness.

The FRIBS project would, in particular, involve the following actions:

- Streamline the data requirements for all business statistics domains, e.g. by having one definition for each cross-cutting variable;
- Update the regulation on statistical business registers allowing the set-up of a system of interoperable business registers, the registration of every unit with a single identifier and the reinforcement of the quality management programme;
- Define a legislative framework for the exchange of micro-data between Member States;

- Define specific provisions for accessing administrative sources in those domains where it can improve the efficiency of the statistical production.

3. Alternative policy options

To assess the effects an implementation of FRIBS would have, and more generally speaking to evaluate the best possible way of addressing the above-mentioned issues, Eurostat is comparing the following alternative policy options:

- A. No policy change – baseline scenario;
- B. Better enforcement and implementation of existing legislation;
- C. Implement legislative actions limited to certain business statistics domains.
- D. Integration of business statistics in a single framework (FRIBS).
- E. As option D, but excluding the revision of the Regulation on Statistical Units and including additional measures for rationalising Intrastat

The comparison of the various policy options will include as well additional statistical output requirements in the field of services, globalisation and entrepreneurship. These additional statistical outputs are part of options C, D and E. They are not included in option A and B.

The public supplementary consultation is addressing specifically the new data requirements.

Background information on policy option E (this option was not included in the initial Roadmap of 2013 and the public consultation on FRIBS in 2014)

In the second half of 2014 the FRIBS setting has been changed:

- In response to the concerns expressed by many National Statistical Institutes, it has been decided to exclude an **update of the definitions of statistical units** from FRIBS. Instead and in parallel, Eurostat has launched immediate measures for helping Member States in complying better with the existing statistical units definitions in each of the statistical domains and the Business Register;
- Key driver in FRIBS for reaching the aim of REFIT for reducing the administrative burden on business are the measures proposed in the domain of intra-EU trade in goods statistics (Intrastat). For this purpose the so-called SIMSTAT proposal has been launched. SIMSTAT aims at making the micro-data on intra-EU exports available to other Member States through a data exchange system. The receiving Member States may then use this micro-data for compiling their intra-EU import statistics. Thus, the final result in terms of burden reductions depends on the national choices of implementation (in line with the principle of subsidiarity) as the use of exchanged micro-data is not mandatory. To have a better understanding of the SIMSTAT burden implications and to assess them against alternatives to collect data and to compile statistics on intra-EU in goods, a new project **Re-design of Intrastat** has been launched in parallel. It is expected that the National Statistical Institutes will have a clearer view on their preferred alternative by the end of 2015. A separate dedicated consultation and Cost-Benefit Analysis is foreseen as part of the new project. The results will be integrated into the final Impact Assessment Report of FRIBS.

4. Assessment report

As part of the key elements when preparing a European legislative proposal of this nature, **Eurostat is carrying out an Impact Assessment (IA)** to provide evidence to political decision-makers on the advantages and disadvantages of the proposed integration of business statistics and the alternative options.

A study is therefore being executed to analyze the effects that the policy options are expected to have. Indeed, it needs to be ensured that the changes that are contemplated are in line with users' needs and to a maximum extent will help to resolve problems currently encountered by users of business statistics, all the while improving the regulatory environment for data suppliers.

The previous public consultation conducted during 2014 aimed at supporting this study and informing Eurostat on the views of the different stakeholders regarding the revision of the EU legal framework on business statistics.

The current public consultation aims at providing more details for the analysis of the expected impacts of the new data requirements in FRIBS, supplementing the outcomes of the previous public consultation.

The results of these public consultations, as well as those of the specific questionnaires developed for the National Statistical Institutes (NSIs), and the results from the Redesign Intrastat project, will directly feed the analysis of the expected impacts of the modifications proposed under FRIBS and the other policy options.