



OPINION OF THE HIGH LEVEL GROUP

Subject: Priority Area Statistics

Executive Summary

The priority area Statistics accounts for a relatively small part of the total administrative cost: **€629m** (0.5% of the total costs measured). However, statistics is an area of great concern for businesses, mainly due to the **high perceived burden, the so-called irritation burden**. The criticism and engagement from the respondents needs to be taken very seriously, and must lead to a continuous effort from the Commission as well as Member States to reduce both the measured and the perceived burden.

The HLG supports the effort by the Commission to reduce the burden deriving from Statistic further and advises the Commission and Member States, *inter alia*

- to reduce the **reporting thresholds for Intrastat** to 90% for both export and import *in the short term*.
- to continue the studies on further simplifications, with an aim to implement a **single flow system for Intrastat** where only exports needs to be reported thus avoiding duplicated reporting of exports and imports between Member States, *within a 5 year period*.
- to make sure that they **make use of the ICT tools available and eGovernment solutions in general** to reduce the burden stemming from statistical obligations. The use of ICT tools and eGovernment solutions can greatly reduce the **irritation burden**.

The maximum reduction impact of the reduction recommendations as far as they were quantified is estimated at around **€95m** (53% of the administrative burden).

I. Background

- (1) The High Level Group (HLG) was set up to advise the Commission on the Action Programme for Reducing Administrative Burdens in the EU, and in particular to provide advice on administrative burden reduction measures.¹ The HLG has

¹ Cf. Commission Decision C(2007) 4063.

appointed Mr Mollerup and Mr Ludewig as its reporting members for the priority area Statistics.

- (2) Statistics is one of the 13 priority areas of the Action Programme which covers more than 40 pieces of legislation in these priority areas.² For Statistics the Action Programme initially covered the following pieces of legislation:
- (a) Regulation (EC) 638/2004 of the European Parliament and of the Council of 31 March 2004 on Community Statistics relating to the trading of goods between Member States and repealing Council Regulation (EEC) No 3330/91 (*Intrastat*).
 - (b) Council Regulation (EEC) 3924/91 of 19 December 1991 on the establishment of a Community survey of industrial production (*Prodcom*).
 - (c) Council Regulation (EC, Euratom) 58/97 of 20 December 1996 concerning Structural Business Statistics (*SBS*).
 - (d) Council Directive 2001/109/EC of the European Parliament and of the Council of 19 December 2001 on the statistical surveys on the production potential of plantations of certain species of fruit trees.
 - (e) Council Directive 93/23/EEC of 1 June 1993 on the statistical surveys to be carried out on pig production.
 - (f) Council Directive 93/24/EEC of 1 June 1993 on the statistical surveys to be carried out on bovine animal production.
- (3) On 28 January 2009 the Commission adopted the Third Strategic Review on Better Regulation.³ The Commission proposed to extend the Action Programme to 5 additional legislative acts relating to
- (a) Regulation (EC) 808/2004 of the European Parliament and of the Council of 21 April 2004 concerning Community statistics on the information society.
 - (b) Council Regulation (EC) 1165/98 of 19 May 1998 concerning short-term statistics (STS).
 - (c) Council Directive 95/57/EC of 23 November 1995 on the collection of statistical information in the field of tourism.
 - (d) Council Regulation (EC) 1172/98 of 25 May 1998 on statistical returns in respect of the carriage of goods by road.

² Cf. Communication from the Commission COM(2007) 23, 2.3.

³ Cf. Communication from the Commission COM(2009) 15. Attached to this Communication is the Commission Working Document "Reducing Administrative Burdens in the European Union", COM(2009) 16.

- (e) Council Directive 95/64/EC of 8 December 1995 on statistical returns in respect of carriage of goods and passengers by sea.

II. The current situation

- (4) Eurostat has made a modern and integrated statistical system one of its priorities. The new legal framework for the production of European statistics⁴ has paved the way for re-engineering the whole architecture of the European Statistical System (ESS). The aim is to improve both the effectiveness and the efficiency of the production processes of statistics.
- (5) The Programme for the Modernisation of European Enterprise and Trade Statistics (MEETS)⁵ supports the development of new production systems for business and trade statistics. Projects within MEETS specifically cover the improvement of legal and technical aspects of data collection for Intrastat (including studying the possibility of introducing a single flow reporting system), more efficient use of administrative data in business statistics and Intrastat and the linking of micro data from different surveys of business and external trade statistics (creation of "data warehouses").
- (6) The current five-year Statistical Programme⁶ requires a cost-effectiveness analysis, starting with a cost-burden estimation, to be carried out of all the fields covered by the Programme.
- (7) The European Statistics Code of Practice for the National and Community Statistical Authorities⁷ is based on 15 principles, and the statistical authorities commit themselves to observing these principles. One of the principles states that the reporting burden should be proportionate to the needs of the users and should not be excessive for respondents. The response burden should be monitored.
- (8) Statistical legislation in the EU is output orientated. This means that they define what a Member State has to deliver in terms of statistical information, but not how this information has to be collected. This is decided under the authority of each Member State.

⁴ Regulation (EC) No 223/2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities, in force from 1 April 2009.

⁵ Decision No 1297/2008/EC of the European Parliament and of the Council on a Programme for the Modernisation of European Enterprise and Trade Statistics (MEETS).

⁶ European Parliament and Council Decision 1578/2007/EC of 11 December 2007 on the Community Statistical Programme 2008 to 2012.

⁷ COM (2005) 217 Recommendation of the Commission on the independence, integrity and accountability of the national and Community statistical authorities.

Reduction initiatives in the area of statistics

- (9) For statistics on trade in goods between Member States (Intrastat), the Commission lowered the coverage in two revisions of the legislation in 2005⁸ and 2009.⁹ This has meant a reduction in the coverage of the intra EU trade statistics to 97% of the total trade in 2005 and to 95% (for imports only) in 2009. In practise it is up to each Member State to raise the national reporting threshold, i.e. the minimum value of the traded goods that has to be reported, to reach the coverage decided by the Commission. If all Member States increase their national reporting thresholds to the levels permitted by the EU legislation, the number of reporting enterprises would be reduced from around 720 000 in 2004 to around 350 000 in 2010, i.e. a reduction in the surveyed population of enterprises of roughly 52%. This would greatly benefit SMEs.
- (10) The Structural Business Statistics (SBS) provides data on the structure of the business economy. The 2008¹⁰ recast of the SBS regulation led to an overall net reduction estimated at 17%.
- (11) For statistics on industrial production in the EU (Prodcom), the products are stated in the Prodcom list. This Prodcom list was updated in 2005 with a reduction in the number of headings of approximately 22%. The frequency of the survey for certain products has also been reduced.
- (12) The two directives on pig and bovine animal production statistics have been merged¹¹ with a directive on sheep / goat statistics into a single regulation concerning livestock and meat statistics. The new regulation will facilitate the use of other sources than surveys and reduces the reporting threshold.
- (13) A major revision of the legislation took place in 2005 for Short Term Statistics.¹² A cost and burden measurement exercise undertaken in 2007-2008 indicated that without these changes (use of administrative data and additional exemptions), the burden would be up to 2 to 3 times higher.

⁸ Regulation (EC) No 638/2004 of the European Parliament and of the Council on Community statistics relating to the trading of goods between Member States and repealing Council Regulation (EEC) No 3330/91. (Minimum coverage rate 97%.)

⁹ Regulation (EC) No 222/2009 amending Regulation (EC) No 638/2004 on Community statistics relating to the trading of goods between Member States. (Minimum coverage rate 97% for export, 95% for import.)

¹⁰ Regulation (EC) 295/2008 of European Parliament and Council concerning structural business statistics.

¹¹ Regulation (EC) No 1165/2008 of the European Parliament and of the Council concerning livestock and meat statistics and repealing Council Directives 93/23/EEC, 93/24/EEC and 93/25/EEC.

¹² Regulation (EC) No 1158/2005 of the European Parliament and of the Council concerning short-term statistics.

III. Findings of the Consortium

- (14) In the context of the Action Programme for Reducing Administrative Burdens, the Commission hired a Consortium¹³ to help map and measure information obligations in the 13 priority areas.
- (15) According to the draft figures presented by the Consortium, the total administrative costs for the 6 acts in scope in the priority area Statistics amount to approximately €629m. Of the total costs, 88% or €552m, has been classified as administrative burdens. A total of 8 information obligations have been identified.
- (16) More than half of the administrative costs can be attributed to the Regulation (EC) 638/2004 on Community Statistics relating to the trading of goods between Member States (*Intrastat*) and its information obligation to provide statistical information on dispatches and arrivals of Community goods: €94m, representing 63% of the total administrative costs in this priority area. Approximately 80% (€17m) has been classified as administrative burdens.
- (17) Of the 13 priority areas covered by the EU measurement, the area Statistics has a share of approximately 0.5% of the total administrative costs. Of the total €629m in administrative costs, 98% (€618m) stems from EU requirements, whereas 2% (€10.6m) is due to national obligations that go beyond EU requirements.
- (18) The Consortium has assessed the perception of administrative burden or irritation reported by a sample of businesses during the measurement interviews and workshops. It found out that statistical information obligations are perceived to be highly burdensome. Only one of the Priority Areas (Public Procurement) is perceived to be more burdensome than Statistics. The most irritating information obligations are the SBS information obligations and the surveys on pig and bovine populations. As reasons for the irritation the interviewed businesses mentioned especially that the information requested has already been submitted and that it is unclear why these data should be requested.

IV. Reduction recommendations and Stakeholders' suggestions

- (19) The HLG has taken into consideration some first reduction recommendations collected by the consortium and of a variety of suggestions submitted by stakeholders. The maximum reduction impact of these recommendations as far as they were quantified is estimated at around 53% (€295m).

Reduction recommendations from the Consortium

- (20) Intrastat: The Consortium has presented four recommendations concerning Intrastat. The main recommendations relate to the rate of trades that have to be covered by Intrastat. To decrease the coverage rate to 95% or even 90% of the

¹³ Capgemini, Deloitte, Ramboll management; assigned by the Commission to measure administrative burden based on certain EU legislation and to identify measures to reduce this burden.

total exports and imports¹⁴ would give an estimated burden reduction of 45 to 75% (€143 – 238m). An alternative recommendation is to establish a single flow system. A single flow system, where only exports need to be reported, would avoid duplicated reporting of exports and imports between Member States. Traders that only import would not have to report. The data for the import statistics would be maintained by collecting the data of exports from the other Member States. This would give an estimated burden reduction of 40% (€126m). Furthermore, the Consortium recommends simplifying the Intrastat nomenclature codes. This would make it less time-consuming and burdensome to add the correct codes to the products and could bring about a burden reduction of 5% (€16m). Additionally, an enhanced eGovernment solution for Intrastat and synergy with the VAT domain should be used to decrease burdens by up to 20% (€62m).¹⁵

- (21) Structural Business Statistics (SBS): The Consortium recommends reducing the frequency of the SBS from annual to every second year for specific target groups and sectors. It expects this to produce an estimated burden reduction of 23% (€24m). An eGovernment solution using appropriate standards (XBRL or other) will improve the exchange of information between business, the national authorities and ESTAT. The reduction is estimated at 7% (€14.5m). In addition, these recommendations may help to reduce in the irritation burden associated with the SBS (cf. para. 18).
- (22) Statistical surveys to be carried out on pig and bovine animals: The Consortium recommends all Member States to use existing administrative data for the surveys on pig and bovine slaughters. This would give a 100% reduction of the burdens related to these two information obligations, and greatly reduce the overall irritation burden.

Stakeholders' suggestions

- (23) Stakeholders see Intrastat as particularly burdensome. The information to be submitted is in their opinion too detailed and difficult to compile. The number of trade transactions to be reported to Intrastat statistics is too high. Furthermore, the information is submitted twice (by importers and exporters). Stakeholders would prefer a single flow system (cf. para 20). They also point to the need for standardisation of the requirements and procedures in the Member States.
- (24) Several stakeholders highlight the need for harmonisation of the different nomenclatures (measuring quantities) that are used for Intrastat, Prodcom and SBS. The quantities of produced or traded goods should relate more to the different types of products (e.g. numbers of t-shirts rather than weight).
- (25) Stakeholders point out that it should be sufficient for short term statistics (STS) to deliver data on a two digit level, and hence simplify and reduce the data needed.

¹⁴ The recommendations and burden reduction estimates relates to legal situation as it was in 2005 (97% coverage). See also para 9.

¹⁵ The maximum reduction impact is lower than the total sum of each individual reduction recommendation because they are partly overlapping.

Furthermore, VAT data should be used to replace short term turnover statistics completely.

- (26) For waste statistics, stakeholders ask for harmonisation with the European Waste lists. The use of other waste classification codes should be abolished.
- (27) Several stakeholders note that the statistics concerning labour costs and wage structures are too burdensome, in particular for smaller firms (20 or less employees). The viability of the data for the financial sector is being questioned.
- (28) The HLG has already reacted to some of stakeholders' inputs in September 2008:

Stakeholders pointed in particular to the need to harmonise different measures of quantity in certain statistics and to look into the possibility of abolishing certain reporting requirements (e.g. on environmental investments). The HLG made the following recommendation:

“The HLG stresses that the overall effects of harmonisation suggested, should lead to a net reduction of administrative burdens i.e. the measure should be beneficial for the EU as a whole. The HLG calls upon the Commission to give due consideration to better harmonize the nomenclatures and the need for changes in the environmental statistic area of the structural business statistics. The Commission should, secure the involvement of business associations.”

V. Advice of the HLG

- (29) Intrastat is the most burdensome information obligation for businesses. The HLG notes that even though considerable improvement has been achieved over the last few years (last amendment to come in force as of 2009), there is still potential for further reductions. The HLG calls upon the Commission to continue to look at further areas for simplification, with an aim to implement a single flow system (reporting only export data) within a five-year period. This would make for a reduction of approximately 40% (€126m) compared with the 2005-regime. Meanwhile, the Commission should further lower the coverage rate. The 2009 regime sets a rate of 95% coverage for imports and 97% for exports. This coverage is high compared to other macro-level statistics, and should be lowered to 90% for both imports and exports. Lowering covering rates in this way will have an immediate beneficial effect on businesses, and in particular SMEs and would give an administrative burden relief of €238m (cf. para 20).
- (30) The HLG supports the MEETS programme, and in particular the parts concerning better use of ICT tools to ensure more efficient use of administrative data, linking of micro-data from different sources and simplified compiling and submission of data. The HLG calls upon Member States to make sure that they make use of the tools available to reduce the burden stemming from statistical obligations. In some statistical areas, e.g. SBS, better use of ICT is the main tool for lowering the burden. Eurostat has an important role to play in facilitating the use of ICT, but it is the responsibility of the Member States to implement and to adjust to the specific national situation. National Statistical Institutes should not only make the

respective eGovernment solutions simple and easy to use, they should also create incentives for businesses to use them.

- (31) The HLG calls upon the Commission and Member States to implement the Consortium's recommendations concerning Intrastat, SBS and animal production statistics.
- (32) The HLG advises the Commission to give due consideration to all remaining suggestions from stakeholders. It repeats its recommendation from September 2008 (cf. para 29) as the issues raised still seem to be relevant for stakeholders.
- (33) The HLG emphasises that even though the priority area statistics accounts for a very small part of the total administrative burden (0.5%), it is an area of great concern for businesses. The HLG welcomes the efforts made so far and the further reduction recommendations presented by the Consortium and stakeholders. The HLG stresses that reforms or reform ideas are not only valuable when they have significant total reduction potential but also when they remove obligations that are perceived as irritating or that impose a significant burden only on a limited number of enterprises. The removal of irritants is essential to ensuring that businesses feel the impact of the reduction efforts.
- (34) The HLG points out that one of the main irritants connected to the Priority Area Statistics is the lack of information and feed-back from the Statistical Agencies to the respondents. All requests for statistical information should include a short, to-the-point explanation of why the information is important (the purpose of the statistics) and should include an option for enterprises to receive feedback on the result of the surveys. Many businesses employ so-called Customer Relationship Management (CRM) tools in their communication with customers. Statistical Agencies should investigate the possibility of employing such methods in their relationship with respondents, thereby allowing respondents to benefit from useful and targeted statistical information as "compensation" for the perceived cost of providing statistical information.
- (35) The statistical environment at EU level has developed over the years, mainly on an ad-hoc basis. The HLG would stress the need for a common approach to this area. The Commission should examine the real need for the statistics. Society is dependent on high quality statistical information, and new areas need to be covered. But there is also a need to abolish statistics that are outdated, or where the use (benefits) not longer justifies the burden for respondents. Other costs should also be taken into account as well. Cost-effectiveness analysis needs to be done regularly for each set of statistic, for specific areas and for the whole area of business and trade statistics.
- (36) For the three main obligations in this area, Intrastat, Prodcom and SBS, several revisions have taken place in recent years. As they need to be transposed, the effect of many of these changes will become visible in 2009-2010. The HLG emphasise the importance of efficient implementation in the Member States.
- (37) The HLG notes that EU legislation only defines what information should be delivered, and leaves it to the Member States to decide how to collect and compile the data. The HLG further notes the differences between Member States as regards the burden of implementation of many information obligations. It advises

the Commission to disseminate and Member States to adopt best practices to achieve the most efficient and least burdensome way of implementing the requirements put forward in EU legislation. Stakeholder input also shows that some Member States add information requirements, invent higher frequencies, and/or use larger survey groups. There are also variations in the use of alternative sources of information (extracts from existing registers etc). Prodcom (survey on industrial production) is typically an area in which there is a lot of “gold-plating”. The HLG therefore advises the Commission to identify the most efficient, least burdensome measures (best practices) in the Member States and where appropriate to harmonise the most common measures along the lines of these best practices.

- (38) The mapping and measurement exercise by the Consortium has identified few additional information obligations in national legislation. However, mapping was based on the legislative texts, and not all additional national requirements are reflected in national legislation. In some cases where surveys are conducted more frequently, or where a list of products surveyed is longer than provided for at EU level, it does not appear and is not described as such in the national legislation. The HLG calls upon Member States to review their national laws and their statistical forms and to reconsider the real need for these information obligations and to abolish them where possible.
- (39) The European Statistics Code of Practice for the National and Community Statistical Authorities and the 15 principles contained in the Code can be of great help in this respect. One of the principles states that the reporting burden should be proportionate to the needs of the users and should not be excessive for respondents. It is the HLG’s view that better observance of these principles would help considerably to reduce the burden (real and perceived). In addition close cooperation between national administrations could foster that administrative sources are exploited for statistical purposes contributing to reduce response burden.
- (40) The HLG is aware that changes in legislation in other areas might influence the availability of information used for statistical purposes. This should not, however, be seen as a hindrance to simplification in those areas, but needs to be taken into account in the impact assessment with the aim of securing coordination and coherence. Additional statistical surveys should be avoided as far as possible.
- (41) The HLG takes note of the extension of the action programme by a further 6 legislative acts regarding statistics. Although the extension of the programme is generally welcomed the HLG questions the selection of the legislative acts added. Acts seem to have been selected for which concrete proposals to reduce administrative burdens have already been identified and even drafted. The HLG reminds the Commission that the major aim of the measurements is to identify areas for further reductions of administrative burdens. This aim of the burden measurement is unlikely to be achieved when reduction measures have been identified already in a considerable amount.