

# 13.

## LINKING STATISTICS TO EUROPEAN POLICIES



**Euro-Indicators**

**Structural indicators**

**Sustainable development indicators**





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### 13. LINKING STATISTICS TO EUROPEAN POLICIES

Effective economic and political decision-making depends on the regular supply of reliable information. Statistics are one of the principle sources of such information, providing essential quantitative support to the elaboration and implementation of policies. Statistics are also a powerful tool for communicating with the general public.

The information needs of politicians require constant interaction between policymakers and statisticians: the former formulate their needs for data, and the latter attempt to adapt the statistical production system so as to fulfil those needs. In this fashion, new policies lead to improvements in statistical production, both in terms of enhancing the quality of existing indicators and of creating new ones.

Whereas politicians require aggregated indicators which provide a synthetic and clear picture of the different phenomena they are interested in, statisticians tend to deal with less aggregated basic data. Statisticians therefore have to transform, synthesise and model basic data in order to increase data readability and extract signals (i.e. indicators).

Over recent years, three particularly significant policies have substantially influenced Eurostat's priorities and activities:

- economic and monetary union (EMU) and the creation of the euro area (1999);
- the Lisbon strategy (2000, re-focused in 2005);
- the sustainable development strategy (2001, renewed in 2006).

Economic and monetary union and the setting-up of the European Central Bank (ECB) required a broad range of infra-annual short-term statistics to measure economic and monetary developments within the euro area and to assist in the implementation of a common monetary policy. Effective

monetary policy depends on timely, reliable and comprehensive economic statistics giving an overview of the economic situation. Such data are also needed for the assessment of the business cycle.

However, measuring economic and monetary developments within the euro area is not the only concern of European policies. Europeans place a high value on their quality of life, including aspects such as a clean environment, social protection, prosperity and equity.

In recent years the European Council has focused on a number of key areas intended to shape the future development of the EU, in particular by adopting two complementary strategies. While the goal of the Lisbon strategy is for the EU to '*become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion*', sustainable development strategy is concerned with the continuous improvement of quality of life, both for current and for future generations, through seeking a balance between economic development, social cohesion and protection of the environment.

Eurostat has responded to politicians' needs in these new areas by developing three sets of indicators:

- Euro-Indicators, of which the principal European economic indicators (PEEIs) are the core, for monetary policy purposes;
- structural indicators, for the Lisbon strategy, used to underpin the Commission's analysis in an annual progress report to the European Council;
- sustainable development indicators, extending across a wide range of issues affecting quality of life, including environmental, social, economic and governance issues.

These sets of indicators have been developed by experts and agreed at a political level. They are being continuously monitored, improved and reviewed in order to be in line with evolving policy requirements.

The challenge of free dissemination and the growth of the Internet, which extend citizens' possibilities to be fully informed, have led Eurostat to create three '*special topics*' on its website, linked to the three collections of indicators and related policies mentioned above. This chapter briefly presents the main characteristics of these three areas.

### EURO-INDICATORS

Since October 2001 the Euro-Indicators web pages have been a reference point for all users of official statistics dealing with short-term data. Euro-Indicators was initially conceived as an independent website, available in parallel to the Eurostat website. However, since October 2004, Euro-Indicators have been integrated into the Eurostat website as a so-called '*special topic*'. It is possible to access Euro-Indicators either from Eurostat's homepage or directly via the following link: <http://ec.europa.eu/euroindicators>. It is also possible to e-mail the Euro-Indicators team at [ESTAT-EUROINDICATORS@ec.europa.eu](mailto:ESTAT-EUROINDICATORS@ec.europa.eu).

Euro-Indicators aims to supply business-cycle analysts, policymakers, media, researchers, students, and other interested users with a comprehensive, well structured and high quality set of information which is useful in their daily activities. The core of Euro-Indicators comprises a set of statistical indicators giving an accurate and as timely as possible overview of the economic evolution of the euro area, the EU, and the individual Member States. Moreover, Euro-Indicators contains the following additional products and services intended to assist in the understanding and analysis of data:

- meta-data,
- quality reports,
- publications and working papers,
- news,
- a release calendar,
- methodological pages.

### EURO-INDICATORS DATA

The data presented in Euro-Indicators are built around a set of the most relevant statistical indicators, called principal European economic indicators, a complete list of which can be found in the Commission communication COM(2002) 661. Euro-Indicators includes detailed breakdowns for PEEIs, as well as additional qualitative and quantitative indicators which are useful to give an overall picture of the economic situation in Europe. They are structured in two main parts:

- key short-term indicators (a subset of pre-defined tables);
- European and national short-term statistics database (Euroind).

Both the key short-term indicators and the Euroind database are divided into the following eight domains:

- balance of payments,
- business and consumer surveys,
- consumer prices,
- external trade,
- industry, commerce and services,
- labour market,
- monetary and financial indicators,
- national accounts.

The pre-defined tables are the easiest way to look at the most recent data, being user-friendly and offering a graphical view of the most recent evolution, together with a short explanatory text; a download facility is also provided for the 316 tables that are currently available.

The Euroind database (accessible either from the Euro-Indicators pages or from the data dissemination tree on the Eurostat website) constitutes a large database of infra-annual macroeconomic indicators; more than 50 000 series are currently available and these can be selected and downloaded in a variety of formats.

### META-DATA

In conformity with Eurostat standards, the Euro-Indicators data are documented in accordance with the International Monetary Fund's (IMF) special data dissemination standard (SDDS). SDDS files are regularly monitored and revised so that they are in line with the published data. The creation of a more user-oriented meta-data set is one of the objectives of the Euro-Indicators team.

### QUALITY REPORTS

Since 2001, the Euroind database has been subject to monthly quality monitoring. The results of this assessment are presented in a detailed on-line publication called '*State of affairs*', accessible from the tab entitled '*Publications*' within the Euro-Indicators '*special topic*'. A synthesis of this monthly assessment is presented in another on-line publication, entitled the '*Monitoring report*', which is also accessible from the same tab.

### PUBLICATIONS AND WORKING PAPERS

The main publication produced by the Euro-Indicators team is the monthly '*Eurostatistics*'. It presents a synthetic picture of the economic situation together with detailed statistical analysis of the latest economic events for the euro area, EU and the Member States. The current issue of '*Eurostatistics*' is accessible from the Euro-Indicators home page as an essential product. Past issues are accessible from the '*Publications*' tab within the Euro-Indicators '*special topic*'. Moreover, under the same tab users can find the collection of Euro-Indicators working papers, containing both methodological and empirical studies on statistical improvements and analyses of European data.



### OTHER PRODUCTS AND SERVICES

The Euro-Indicators 'special topic' also provides users with access to the European release calendar for infra-annual statistics, which is updated on a weekly basis, as well as access to related press releases. In addition, a monthly online newsletter is accessible from the 'Publications' tab. The newsletter contains short articles, news from the Member States and Eurostat, announcements, useful links, etc. Note that all papers and proceedings presented in conferences in relation to Euro-Indicators are also available on the Euro-Indicators 'special topic'.

### PLANNED IMPROVEMENTS

Euro-Indicators is constantly evolving to meet user needs. The main improvements for 2007 concern the implementation of a new set of PEEI statistical pages related to key topics, such as flash estimates, back-recalculation, interpolation and extrapolation, seasonal adjustment, business-cycle analysis, and the construction of coincident and leading indicators. These pages will be progressively implemented within the 'PEEIs' tab. The pages will cover methodological papers, online bibliographies, software and routines, links to specialised sites and, whenever possible, new indicators or quantitative analyses (documented in SDDS format) produced on the basis of advanced statistical techniques.

### STRUCTURAL INDICATORS

At the Lisbon European Council in spring 2000, the EU set itself the following strategic goal for the next decade: 'to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion'.

The Council recognised the need to regularly discuss and assess progress made in achieving this goal on the basis of a commonly agreed set of structural indicators and to this end, invited the European Commission to draw up an annual spring report on progress being made. This report was to be based on the evolution of structural indicators in the following areas:

- general economic background,
- employment,
- innovation and research,
- economic reform,
- social cohesion,
- environment (since 2002).

For the first time, in 2004, the European Commission presented a shortlist of 14 structural indicators which were included in the statistical annex to its 2004 spring report to the European Council. This shortlist was agreed with the Council; its concise layout making it easier to present policy messages and the Member States' positions with regard to the key Lisbon targets. The same shortlist indicators were presented in the statistical annex to the 2005 spring report and the 2006 annual progress report to the European Council.

### SHORTLIST OF STRUCTURAL INDICATORS

#### **General economic background**

- GDP per capita in PPS
- Labour productivity

#### **Employment**

- Employment rate
- Employment rate of older workers

#### **Innovation and research**

- Youth educational attainment (20 to 24)
- Gross domestic expenditure on R & D

#### **Economic reform**

- Comparative price levels
- Business investment

#### **Social cohesion**

- At risk-of-poverty rate after social transfers
- Long-term unemployment rate
- Dispersion of regional employment rates


**Environment**

- Greenhouse gas emissions
- Energy intensity of the economy
- Volume of freight transport relative to GDP

The Lisbon strategy has entered a new phase, with the spotlight on delivering results. By submitting national reform programmes, Member States have accepted a new responsibility, setting out detailed commitments for action. At the same time, Community programmes specify what has to be done at an EU level. National reform programmes provide the basis for the reform agenda, prioritising growth and employment.

To ensure that the public has access to this detailed database of structural indicators, Eurostat disseminates a full set of information on structural indicators through its website (<http://ec.europa.eu/eurostat/structuralindicators>).

Time-series are presented for the EU-25 and EU-15, the euro area, the Member States, the acceding and candidate countries, the EFTA countries, Japan and the United States (subject to data availability).

NB: all structural indicators presented within the Eurostat yearbook are marked with the following icon () which appears to the right of the title of respective tables and graphs.

**SUSTAINABLE DEVELOPMENT INDICATORS**

The EU's sustainable development strategy, adopted by the European Council in Gothenburg in June 2001, and renewed in June 2006, aims to reconcile economic development, social cohesion and protection of the environment. Monitoring progress towards these goals is an essential part of the strategy and the Commission therefore established a task force of national experts to propose a set of indicators for this purpose. These indicators are used in the regular review and assessment of the strategy.

The indicators are organised within 10 themes reflecting the political priorities of the strategy, and related political commitments. Seven themes correspond to the priority areas of the 2001 Commission communication '*A sustainable Europe for a better world*' and the 2002 communication on global partnership, while production and consumption patterns and good governance arose out of the '*Plan of implementation*' of the World Summit on Sustainable Development. A theme on economic development highlights the economic dimension of sustainable development and provides a bridge to the Lisbon process.

Each theme is further divided into sub-themes and '*areas to be addressed*'. The sub-themes are intended to monitor progress towards the headline objectives, while the '*areas to be addressed*' allow for more detailed analysis of the background factors of each theme. In some cases the sub-themes also address '*slow burning*' concerns that may need a very long time to reverse.

In order to facilitate communication, the set of indicators has been built as a three-level pyramid. The three levels correspond to the levels of the hierarchical framework (themes, sub-themes, areas to be addressed) and match different user needs, as described in the table below:

**Sustainable development indicators**

Indicator level	Hierarchical framework	Objectives	Users targeted
Level I	Themes	Headline indicators for initial policy analysis and monitoring progress towards headline policy objectives	High-level policymakers and general public
Level II	Sub-themes	Evaluation of core policy areas and more detailed monitoring of progress in achieving headline objectives	Policymakers and general public
Level III	Areas to be addressed (special issues within themes, and various measures implementing headline objectives)	Further policy analysis and better understanding of the trends and complexity of issues associated with the theme or interlinkages with other themes in the framework	More specialised audience (e.g. academic community)



The themes unavoidably overlap to some extent. Some indicators, such as energy use, represent driving forces affecting developments in several themes, but are not presented several times in the set of indicators. Furthermore, the scope of themes varies considerably since some themes address a very specific domain (for example, climate change and energy) and others (for example, production and consumption patterns) encompass a wide range of socioeconomic and environmental issues.

#### HEADLINE SUSTAINABLE DEVELOPMENT INDICATORS

##### **Economic development**

- Growth rate of GDP per capita

##### **Poverty and social exclusion**

- At-risk-of-poverty rate after social transfers

##### **Ageing society**

- Old age dependency ratio

##### **Public health**

- Healthy life years at birth, by gender

##### **Climate change and energy**

- Total greenhouse gas emissions
- Gross inland energy consumption, by fuel

##### **Production and consumption patterns**

- Domestic material consumption

##### **Management of natural resources**

- Fish catches taken from stocks outside safe biological limits

##### **Transport**

- Total energy consumption of transport

##### **Good governance**

- Level of citizens' confidence in EU institutions

##### **Global partnership**

- Official development assistance

A review of the EU sustainable development strategy was launched by the Commission in 2004 and on the basis of contributions from the Council, the European Parliament, the European Economic and Social Committee and others, the European Council adopted a renewed sustainable development strategy<sup>(54)</sup> in June 2006. *'The overall aim of the renewed EU SDS is to identify and develop actions to enable the EU to achieve continuous improvement of quality of life both for current and for future generations, through the creation of sustainable communities able to manage and use resources efficiently and to tap the ecological and social innovation potential of the economy, ensuring prosperity, environmental protection and social cohesion.'*

More information regarding sustainable development indicators may be found on the Eurostat website (<http://ec.europa.eu/eurostat/sustainabledevelopment>).

<sup>(54)</sup> 'Review of the EU sustainable development strategy (EU SDS) — Renewed Strategy', 9 June 2006, Council of the European Union, 10117/06.