

A tiny principality of banks – this is what springs to mind at the mention of Liechtenstein. Sigma's BARBARA JAKOB met **CHRISTIAN BRUNHART**, head of statistics at the Office for Economic Affairs, to find out about statistics in the European Economic Area's smallest member country.

# A statistical excursion to Liechtenstein

**L**iechtenstein, at 25 km long and between six and 12 km wide, is located between Switzerland and Austria and is bordered by the Alps on one side and the Rhine on the other. It has a population of a little over 32 000 inhabitants. Just 1.3% of the labour force is employed in agriculture. Over half work in commerce and services, and 25% of these in turn are employed in legal consultancy, trust management and banking, accounting for 13% of the country's total active population. Around 45% of the working population is employed in trade and industry, which is dominated by high-tech products in the mounting and heating sectors as well as precision engineering apparatus and coating plants.

With a population of around 32 000, Liechtenstein employs some 25 000 people. 38% of those working in Liechtenstein commute from neighbouring countries, the



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proportion of immigrants being around 34%.

## A unique situation

"Clearly, the statistics we produce differ from those of larger countries", explains Christian Brunhart. "On the one hand, it is so much easier to keep track of the things we are compiling statistics on. On the other, our data must be very precise, because it is an easy matter

for communes, authorities and interest groups to accurately assess the situation themselves, and the slightest discrepancy is immediately obvious.

"Representative sample surveys are effectively ruled out, full surveys being the only option. These can, however, be carried out at reasonable cost in a small country such as ours, though of course the burden

on respondents is disproportionately greater than in countries where sample surveys can be conducted."

A recent example are the road transport statistics currently being developed. While this is a sample survey in other EEA member countries, in Liechtenstein the enterprises concerned will have to provide information several times a year.

"However, the main drawback is the danger of being able to identify individuals or enterprises", continues Brunhart. "With tourism statistics, for example, the only way we could guarantee data protection was by doing away with the distinction between hotels and private rooms, and by aggregating communes. Likewise, the trade data we send to Eurostat each month contain confidentiality clauses to prevent the competitors of Liechtenstein-based concerns being handed the latter's business data on a plate."

### Liechtenstein's national accounts

The uniqueness of Liechtenstein's situation also explains why it had not hitherto compiled its own national accounts. Of course, it did provide gross domestic product (GDP) and national income using estimates – but the degree of uncertainty was high, and it was not really until VAT was introduced and the business register set up that the way was paved for a set of national accounts.

December 2000 saw the publication of the first set of national accounts for the Principality of Liechtenstein covering the year 1998.

The Liechtenstein national accounts are based on Wilfried Oehry's doctoral thesis and are built up according to ESA95, though with a reduced accounting framework. Oehry developed the methodology and produced the first accounts in conjunction with the tax authorities.



**Christian Brunhart's** CV is not that of an average Head of Statistics, a field to which he came fairly late.

After studying electronic engineering (software) in Switzerland, he worked for the semi-conductor industry, setting up high-vacuum plants for customers around the world. Tired of travelling, he then devoted himself to starting a production plant for precision resistors, and five years later he moved into product management and selling capital goods.

Seven years later, in 1994, a contract involving IT modernisation and database upgrading attracted him to statistics, where he discovered "an entirely new and fascinating area of work". Liechtenstein's accession to the EEA in 1995 once again made frequent travel very much part of his work, contrary to his expectations. He now finds travel less of a burden and more of an opportunity of drawing on international contacts.

By way of a footnote to this atypical CV, Christian Brunhart is not just a member of the Liechtenstein parliament, he is also a member of the Parliamentary Assembly of the Council of Europe in Strasbourg – in Liechtenstein, a civil servant is legally entitled to be a member of parliament.

"Obviously, we made sure we were in line with Switzerland and the Austrian Statistical Office", says Brunhart. "We were keen to draw on the experience of our neighbours and wanted to make sure that everything was compatible and that we were not striking off on our own."

"Initially, enterprises and associations were highly sceptical. However, when the accounts were published, the reaction was much more positive. People were pleased to finally have a central set of internationally comparable figures, even if they can only be published once a year."

### A department of generalists

With just nine members of staff, some of them part-time, the statistics service is, like the country itself, of modest proportions. The statistical service of the Office for Economic Affairs produces a statistical yearbook, also published in condensed form as "Liechtenstein in figures". This is very popular with businesses, authorities and private individuals, and appears in German and English.

In addition to population statistics, naturalisations and labour-market data, the standard programme includes statistics on banking, construction, tourism, a structural survey of agriculture and a quarterly business survey. Data are also produced on the energy sector, health insurance, the number of motor vehi-

cles and new vehicle registrations.

"We're an outfit of generalists" says Brunhart. "Given our small number of staff, we can't afford to have experts who concentrate on the same area year in, year out. But it's precisely this that makes my job so interesting. My remit covers a whole range of activities, from developing databases to negotiating with Eurostat.

"On the down side, what I produce is mine and mine alone, simply because there are so few people to share the load."

### An independent part of the State machinery

Brunhart explains that official statistics are an integral part of the State machinery and part of the Office for Economic Affairs for purely

practical reasons: "There would be no point having a separate office for each specialist area. In the Office for Economic Affairs, there are some areas we have little or nothing to do with. This is why there is no conflict of interests as a rule, and why there is little danger of pressure being brought to bear on statistics."

The problem of independent statistics was recognised in 1975 when the Statistical Office was merged with the Office for Economic Affairs, which is why the following year saw the law on Official Statistics passed.

The aim of this law is to safeguard the independence of statistics and protect the interests of those supplying information. Survey data may be used for statistical purposes and statistical purposes only, not for tax assessment, criminal prosecution, etc. The main

practical consequences are in the construction of databases, where every care must be taken to ensure that access is restricted to members of the statistical division only.

The statistical law also carries a response obligation. If, in spite of repeated reminders, a person refuses to supply information or wilfully provides inaccurate or incomplete data, he or she may be fined.

However, no such fines have yet been imposed, so the response obligation cannot be the only reason why the response rate for surveys in Liechtenstein is generally over 95%. "There again, we steer well clear of sensitive subjects such as wages and salaries" – there are no wage statistics in Liechtenstein – "otherwise, I'm sure we'd have more problems with response", says Brunhart.

### Neighbouring Switzerland

The statistical programme is restricted in other areas too. For example, there are no price surveys in Liechtenstein, which uses Switzerland's consumer price index instead. Likewise, population censuses are carried out in conjunction with the Swiss Federal Statistical Office. There has been a customs union with Switzerland since 1924, which explains the close economic links between Liechtenstein and its neighbour to the west.

For Liechtenstein this means, for example, that trade flows with Switzerland are not recorded, but can only be estimated via data from trade associations. Switzerland's customs authorities compile external trade data for the economic area as a whole, though these statistics are restricted to direct imports and exports for Liechtenstein.

Nowadays, statistical cooperation is formally restricted to the population census, though business structure surveys were previously carried out on a joint basis. These data can now be taken from the business register. Good contacts with Switzerland make it the first country that Liechtenstein turns to if it needs advice and help in setting up a new set of statistics, as is currently the case with the road transport statistics.

"Our view of neighbouring Switzerland provides major input for our statistics", says Brunhart. "Which is why we

## Social work as a driving force for statistics

As in many other European countries, the history of statistics in Liechtenstein began with the population census.

The first decree for the conduct of a census was issued in 1815. Censuses were a regular feature of the customs union with Austria (1852-1919). Since the conclusion of the customs treaty with Switzerland in 1924, they have been carried out in close cooperation with the Swiss Federal Statistical Office.

The relatively short history of an indigenous statistical office in Liechtenstein is linked with the name of Andreas Eberle. In 1948, as Head of the Office for child welfare, he was commissioned with the task of obtaining statistical documents for old-age and survivor's insurance in Liechtenstein.

He clearly carried out this task to the satisfaction of the commissioning parties, as subsequent statistics to emerge from his office were

on fire insurance and health insurance.

In 1950, the office finally changed its name to the Office for child welfare and statistics, and agricultural and civil-status statistics were drawn up. On Andreas Eberle's retirement, the Office for Statistics was merged with the Office for Economic Affairs (1976). That same year a statistical law was passed to guarantee independent statistical work within the Office for Economic Affairs.

try to keep abreast of developments in Switzerland, particularly by participating, as an observer, in the Swiss statistical association."

## And European neighbours

EEA membership means that Liechtenstein also looks further afield. "Statistics in Liechtenstein needed a change of direction" says Brunhart. "Previously, we were far too caught up in ourselves. EEA membership has expanded our horizons."

Statistically speaking, joining the EEA meant more in the way of commitments. For example, tourism statistics had to be brought into line with EU standards, and a farm structure survey and business register had to be set up. For Brunhart, the introduction of a business register and the national accounts represented "a quantum leap for Liechtenstein statistics".

The biggest challenge was combining the various regis-



Though the Föhn, a warm wind blowing down the northern slopes of the Alps, is strong enough to blow roofs away in Liechtenstein, it also allows vines to be cultivated in what is otherwise a mountain climate.

ters (trade, commercial, tax, etc.) and drawing up rules of play for all the parties concerned. Most of the work on the business register has since been completed. The transitional deadlines provided for in the EEA agreement (along with the review clause) expired at the end of 1998. The introduction of road transport statistics is the last matter currently being negotiated.

## Keeping it together

To Brunhart's mind, the fact that Liechtenstein belongs to two different economic areas – it is a member of the EEA and in a customs union with Switzerland, which is not itself a member of the EEA – does not create problems, statistically or otherwise. And it certainly helps that Switzerland closely follows EU standards in its sta-

tistics, and applies European classifications and systems.

Brunhart rates statistical cooperation in Europe highly: "It has provided our statistical system with great impetus and helped it make considerable headway." Nevertheless, merely keeping abreast of the most important developments makes great demands on the head of statistics, who is effectively the only person to attend international meetings. "We can't attend all working party meetings – we must restrict ourselves to the areas in which we have to deliver statistics."

Liechtenstein's prime objective is to become an integral part of the European Statistical System, honour the commitments arising from EEA membership and keep pace with the ESS. "It is not our ambition to be a driving force within the ESS", stresses Brunhart. "We haven't got enough experts for that. Nevertheless, we are keen to keep pace with international developments, and believe this is quite possible if we follow Eurostat's guidelines." ■

## The Principality of Liechtenstein

is a constitutional monarchy based on democratic and parliamentary principles. HSH Prince of Liechtenstein Hans Adam II has been the Head of State since 1989. Government affairs are managed by a five-member collegial government appointed by the Prince on the recommendation of the 25-member Landtag.

Politically, the country is divided into an Oberland [upper country] of six communes and an Unterland [lower country] of five communes.

Because of the large number of commuters from neighbouring countries and the high proportion of foreigners

resident in the country, Liechtensteiners are generally in the minority at the workplace. With a population of just over 32 000, Liechtenstein offers some 25 000 jobs and is thus a significant source of employment in the region.

In the second half of the 1980s, the unemployment rate was steady at under 0.2%, rising in the 90s to over 1%. After peaking at 2.0% in 1998, it fell back to 1.2% in 1999.

Figures from the Chamber of Industry and Commerce show that, in 1999, Liechtenstein industry exported goods to countries around the world (including Switzerland) to the value of some 3.9 billion Swiss francs.

In 1998, GDP was 3.6 billion Swiss francs, which is around 100 times smaller than that of Switzerland and Austria and around 1000 times smaller than that of Germany. Liechtenstein industry is extremely productive, GDP per full-time employee being 169 000 Swiss francs.

Liechtenstein has demonstrated sound management of its national budget for many years. The government accounts for 2000 show revenue of 829 million Swiss francs and expenditure of 595 million Swiss francs. After allowing for 64 million Swiss francs of depreciation, the final account shows a surplus of 170 million Swiss francs.



"Liechtenstein in Figures", comprising extracts from the Statistical Yearbook, is popular with businesses, authorities and private individuals as a way of drawing attention to Liechtenstein the world over. Like all other statistical publications – apart from the Yearbook, for which a fee was recently introduced – the brochure is free of charge.