European Business Statistics

Statistics Explained

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European business statistics (EBS) cover the structure, economic activities and performance of businesses, their research and development as well as innovation activities, their information and communication technologies (ICT) usage and e-commerce, and global value chains. They also comprise statistics on the production of manufactured goods and services and the international trade in goods and services as well as essential statistical infrastructure such as national statistical business registers and the EuroGroups register. EBS provide users and key policymakers with much needed information for decision-making or for analytical purposes.

The consolidation of EBS took a significant leap forward with the adoption of the first encompassing EBS Regulation in November 2019, after many years of hard work aiming to pull together the various statistical domains into a coherent legal framework, facilitating improved consistency and harmonisation across all business statistics. The EBS Regulation creates a cross-cutting legal framework for the collection, compilation, transmission and dissemination of European statistics on the structure, economic activity, competitiveness, global transactions and performance of businesses.

European business statistics basic act:

Regulation (EU) No 2152/2019

Legislation currently in force for European business and trade statistics (October 2022):

Commission Implementing Regulation (EU) 2020/1197 of 30 July 2020 - EBS General Implementing Act (GIA)

Commission Implementing Regulation (EU) 2020/1470 of 12 October 2020 — GEONOM and geographical breakdown implementing act

Commission Implementing Decision (EU) 2021/1003 of 18 June 2021 – granting derogations related to the EBS basic act and EBS GIA

Commission Delegated Regulation (EU) 2021/1704 of 14 July 2021 – delegated act for ITGS exchange of information (international trade in goods)

Commission Implementing Regulation (EU) 2021/1225 of 27 July 2021 – implementing act for ITGS exchange of information

Commission Implementing Regulation (EU) 2022/918 of 13 June 2022 – implementing act for global value chains statistics

Commission Implementing Regulation (EU) 2022/1092 of 30 June 2022 - implementing act for innovation statistics

Commission Implementing Regulation (EU) 22023/1484 of 18 July 2023 — implementing act for ICT for enterprises statistics (updated periodically)¹

Commission Implementing Regulation (EU) 2022/2552 of 12 December 2022 – implementing act on the classification used for industrial production statistics (updated periodically)

For more information on the legal framework as well as on the legal acts repealed by the EBS Regulation, please see chapter 3 of the EBS Manual .

The EBS Regulation has introduced many new data requirements and new features as described in the article section below.

Short-Term Business Statistics (STS)

Short-term business statistics, as provided for by the EBS Regulation and the GIA (replacing Regulation No 1165/98) starting with reference periods in 2021, are the earliest statistics released to show emerging trends in the European economy. STS provide data for the major economic domains:

- Industry;
- · Construction;
- Trade;
- · Services (excluding financial and public services).

The major advantage of the monthly released STS data is that they are available very shortly after the end of the reference month. For example, data on retail trade turnover are published as early as 30 days after the reference month and data on industrial production are published after 45 days.

STS are available for the EU, the euro area, the Member States and also for some third countries.

The EBS Regulation is:

1. Introducing a monthly index of services production (ISP) covering NACE H to N with the exception of M701, M72, and M75; at two-digit level. For the introduction of such an ISP, changes in the requirements for the service turnover and for SPPIs were also introduced (see points 3 and 4 below);

2. Enriching business demography data with quarterly data on registrations and bankruptcies;

3. Changing the periodicity of the service turnover indices from quarterly to monthly, including service industries L68, N77 and complete N81;

4. Extending the NACE coverage of quarterly service producer price indices (SPPIs) or other deflators in order to align with the scope of the turnover and services production indices (at the same time service producer prices

¹Laying down the technical specifications of data requirements for the topic 'ICT usage and e-commerce' for the reference year 2024; the survey on 'ICT usage and e-commerce' for the reference years 2021, 2022 and 2023 were covered by the Commission Implementing Regulation (EU) 2020/1130 of 15 July 2020, Commission Implementing Regulation (EU) 2021/1190 of 15 July 2021 and Commission Implementing Regulation (EU) 2022/1344 of 01 August 2022, respectively, pursuant to the EBS Regulation.

change from B2B to B2ALL prices);

5. Introducing a monthly sales volume index for Division G45 of NACE Rev.2 (at 2-digit level for all countries, and 3-digit for medium-sized and larger Member States);

6. Changing the periodicity for the turnover indices in Division G45 of NACE Rev. 2 from quarterly to monthly;

7. Extending the coverage of the labour variables for the service sectors in order to align with the coverage of the production and turnover indicators as described above;

8. Introducing the compilation and transmission of calendar adjusted data where relevant (i.e. production/sales volume, turnover, hours worked, gross wages and salaries, and building permits); in addition, introducing the compilation and transmission of seasonal adjusted data for Principal European Economic Indicators (PEEIs) (except for price indicators);

9. Introducing a single producer price index for construction replacing the three construction costs variables;

10. Improving the timeliness of the following variables:

- Production and turnover index of industry: reduction of the deadline by 15 days for medium and small Member States;
- Production index of construction: for medium sized Member States a reduction of the deadline by 15 days, together with switching from quarterly to monthly frequency (the latter except Ireland and Greece);
- Building permits: shortening of the deadline for small and medium sized Member States by 15 days;
- Volume of sales and turnover of retail trade: reduction of the deadline by 15 days for data produced on NACE 3- and 4-digit level;
- Turnover split into domestic/euro area/non-euro area: reduction of the deadline by 15 days for small and medium sized Member States;
- Industrial producer prices: reduction of the deadline for small and medium sized Member States by 15 days; reduction of the deadline for large Member States by 15 days for data on NACE 3- and 4-digit level;
- Import prices: reduction of the deadline for small and medium sized Member States by 15 days.

The first STS data under the EBS Regulation have become available in 2021 for reference periods in 2021.

Structural Business Statistics (SBS)

Structural business statistics, which starting with reference year 2021, are provided on the basis of the EBS Regulation and the GIA (replacing Regulation 295/2009), describe the structure and performance of businesses in the EU. They cover the 'business economy' (NACE Rev. 2 sections B to N and division 95) which includes: industry, construction, distributive trades and services. The main variables cover turnover, employment, value added, investment, operating surplus etc).

The EBS Regulation is:

1. Improving the service coverage of all data sets on business performance by extending the NACE Rev. 2 activity breakdown with data on the following Sections:

- P (Education), Q (Human health and social work activities);
- R (Arts, entertainment and recreation);

- S96 (Other personal service activities);
- K Several additional r Financial services (see point 4 below).

2. Extending the coverage of the variables "Gross investment in machinery and equipment" and "Hours worked by employees" to additional service sectors;

3. Providing more timely data on SMEs regarding three key variables ("Number of active enterprises", "Number of employees and self-employed persons" and "Net turnover") already at 10 months after the reference period;

4. Using the standard variables for the sector Financial and insurance activities (NACE section K), while deleting the sector-specific variables on the one hand, and on the other extending the coverage to all of its subsectors such as financial leasing, mortgage credit granting, consumer credit granting and similar financial entities and auxiliary activities;

5. Enriching business demography data with breakdowns by region (including by size class) and the number of young high growth enterprises (gazelles);

6. Introducing several simplifications:

- Discontinuation of data on product breakdown of turnover of trade sectors;
- Discontinuation of data on environmental protection expenditure;
- Lowering of the level of detail (NACE 2 digit) for variables specifically needed for National Accounts;
- Extension of the application of the 1%-rule on specific data sets of the annual statistics on business performance (except the ones on business demography), meaning that national data cells representing less than 1% of the EU-total in terms of employment and turnover do not have to be delivered to Eurostat.

The first SBS data under the EBS Regulation have become available in 2022 for the reference year 2021.

Production Statistics (Prodcom)

In accordance with the EBS Regulation² (replacing Regulation No 3924/91), Prodcom provides statistics on the production of manufactured goods carried out by enterprises on the national territory of the reporting countries. The term comes from the French "PRODuction COMmunautaire" (Community Production). Prodcom covers Mining and quarrying, Manufacturing and Materials recovery, sections B, C and E of the Statistical Classification of Economic Activities in the European Union (NACE rev. 2). Prodcom statistics aim at providing a full picture at EU level of developments in industrial production for a given product or for an industry in a comparable manner across countries.

The EBS Regulation is:

1. Introducing a separate variable "Production under sub-contracted operations", which is the production (value and quantities) carried out by a sub-contractor and sold to the principal in line under the conditions for sub-contracted operations;

- 2. Introducing the following simplifying measures:
 - Reduction of the number of headings (of the "Prodcom list") for which production has to be reported;
 - The relevance of Prodcom statistics is ensured through regular assessment, based on user needs, and change of the headings included "Prodcom list";

²Basic act accompanied by:

[•] Commission Implementing Regulation (EU) 2020/1197 of 30 July 2020 — EBS General Implementing Act;

Commission Implementing Regulation (EU) 2022/2552 of 12 December 2022 – implementing act on the classification used for industrial production statistics (updated periodically).

- Replacement of input-oriented by output-oriented requirements (e.g. deleting the 90% coverage rule), providing NSIs with more flexibility in setting up their surveys;
- Introduction of a 'Contribution to European totals only' (CETO) flag to relax the quality requirements for small contributions (to EU totals) that do not have the reliability required for publication at national level.

The first Prodcom data under the EBS Regulation have become available in 2022 for the reference year 2021. The 2022 PRODCOM list contains more detailed information on critical raw materials and "secondary" critical raw materials.

Research and development (R&D) and Innovation Statistics

R&D and Innovation Statistics are covered by the EBS Regulation³ (replacing Decision 1608/2003). R&D statistics comprise national statistics on R&D expenditure, R&D personnel and government budget allocations on R&D (GBARD). Data are collected in several occasions in a year and they consist of several breakdowns such as institutional R&D performing and funding sectors, types of costs and types of R&D, fields of science and economic activities. The derived indicator 'Gross domestic expenditure' on R&D as a percentage of GDP' - the R&D intensity - is one of the eight headline indicators of Europe 2020 strategy.

Innovation statistics include the results derived from the Community Innovation Survey (CIS). This biennial data collection provides information about enterprises that have product and business process innovations, their strategies, knowledge management and innovation activities, as well as about factors that facilitate or hinder innovation ('innovation environment'). The core statistics cover innovation activities, cooperation, development, expenditures and turnover. Innovation statistics are dynamic European business statistics, which means that the data requirements may change in each data collection round.

The EBS Regulation is:

1. Ensuring R&D data production at NACE section level by splitting currently existing section groupings (D+E; O+P and S+T+U);

2. Aligning the breakdown of R&D data by economic activity (NACE Rev.2) to fit to the reference frame A*38 level of breakdown;

3. Aligning the size class breakdown for R&D statistics with harmonized size class level (2) for EBS (0-9, 10-49, 50-249, 250+ persons employed);

4. Changing the size class breakdown variable for R&D statistics from ("number of employees") to ("number of persons employed");

5. Reducing the number of the size class groups from six (0, 1-9, 10-49, 50-249, 250-499, 500+) to four (0-9, 10-49, 50-249, 250+) - Simplification measure;

6. Aligning the breakdown of innovation statistics by economic activity (NACE Rev.2) to fit to the reference frame A*38 level of breakdown;

7. Changing the size class breakdown variable for innovation statistics from ("number of employees") to ("number of persons employed").

The first R&D data under the EBS Regulation became available in 2022 for the reference year 2021 and the first innovation statistics data under the EBS Regulation will become available in 2024 for the reference year 2022.

³Basic act accompanied by:

[•] Commission Implementing Regulation (EU) 2020/1197 of 30 July 2020 - EBS General Implementing Act;

Commission Implementing Regulation (EU) 2022/1092 of 30 June 2022 — implementing act for innovation statistics.

Information Society Statistics on enterprises

Information society statistics on enterprises as provided for by the EBS Regulation⁴ (replacing Regulation 808/2004) are annual statistics providing data on a varying number of Information and Communication Technologies (ICT) characteristics of enterprises, such as on ICT-systems, access and use of the internet, social media use, e-business integration, e-commerce, ICT security and trust, cloud computing, Internet of Things (IoT), Artificial Intelligence (AI) etc. Due to the evolving nature of ICT, information society statistics on enterprises are dynamic European business statistics, which means that the data requirements may change in each data collection round. Nonetheless, the intention is to keep a core set of stable ICT statistics and increase the use of voluntary data collection on emerging issues in the future.

The EBS Regulation is:

1. Completing the coverage of enterprises in the professional, scientific and technical activities (NACE M) with veterinary activities (NACE M75);

2. Making optional the coverage and transmission of data for enterprises with 0-9 persons employed (except for the financial sector NACE K);

3. Increasing the coverage of enterprises with few additional detailed groupings of 2-digit NACE for the calculation of EU aggregates only (national aggregates are not published separately).

The first ICT data under the EBS Regulation is already available for the reference years 2021. More information is available in a dedicated Statistics Explained article .

Foreign Affiliates Statistics (FATS)

Statistics on the structure and activity of foreign affiliates (FATS), which starting with reference year 2021 are covered by the EBS Regulation and the GIA (replacing Regulation No 716/2007), provide information that can be used to assess the impact of foreign-controlled enterprises on the European economy. A foreign affiliate is an enterprise resident in one country which is under the control of an institutional unit resident in another country. Control is determined according to the concept of the 'ultimate controlling institutional unit' (UCI), defined as the institutional unit, proceeding up a foreign affiliate's chain of control, which is not controlled by another institutional unit. FATS is divided into:

- Inward FATS: statistics describing the structure and activity of foreign affiliates resident in the reporting country and controlled by a UCI resident in another country;
- Outward FATS: statistics describing the structure and activity of foreign affiliates abroad controlled by a UCI resident in the reporting country.

The EBS Regulation is:

1. Introducing two new variables for Outward FATS: "Employee benefits expense in enterprises abroad ultimately controlled by institutional units of the reporting country" and "Gross investment in tangible non-current assets of enterprises abroad ultimately controlled by institutional units of the reporting country";

2. Extending the coverage of Outward FATS by including all EU Member States' foreign EU affiliates (besides foreign non-EU affiliates) in the geographical list of partners;

3. Extending the coverage of Outward FATS by including all domestic affiliates of the domestic parents/multinationals for three variables (on enterprises abroad ultimately controlled by institutional units of the

- Commission Implementing Regulation (EU) 2020/1130 of 15 July 2020 implementing act for ICT for enterprises statistics survey 2021;
- Commission Implementing Regulation (EU) 2021/1190 of 15 July 2021 implementing act for ICT for enterprises statistics survey 2022;

⁴Basic act accompanied by:

Commission Implementing Regulation (EU) 2022/1344 of 01 August 2022 — implementing act for ICT for enterprises statistics - survey 2023;

Commission Implementing Regulation (EU) 22023/1484 of 18 July 2023 — implementing act for ICT for enterprises statistics - survey 2024.

reporting country): "Number of enterprises", "Number of employees and self-employed persons" and "Net turnover";

4. Introducing harmonisation and simplifying measure to reduce the detailed NACE breakdown in Outward FATS to the more aggregated activity classification of National Accounts (A*38) going down from 74 to 41 categories;

5. Extending the NACE coverage of Inward FATS with data on the following Sections (services): P (Education), Q (Human health and social work activities), R (Arts, entertainment and recreation), S95 (Repair of computers and personal and household goods) and S96 (Other personal service activities);

6. Introducing harmonisation and simplifying measure to reduce the detailed NACE breakdown in Inward FATS to the more aggregated activity classification of National Accounts (A*38) going down from 127 to 41 categories.

The first FATS data under the EBS Regulation became available in 2023 for the reference year 2021.

Global value chains statistics (GVC)

The EBS Regulation and Commission Implementing Regulation 2022/918 are introducing new triennial statistics on global value chains and international sourcing, covering information on the group structure of enterprises, employment by business function, domestic and international sourcing and back sourcing of business functions, motives and barriers for sourcing, and the international organisation of activities in the foreign affiliates. The data will be broken down by NACE, size class and region, in close alignment with the other data sets on business performance. GVC statistics are dynamic European business statistics, which means that the data requirements may change in each data collection round.

The results of the latest International sourcing voluntary survey conducted by 16 countries have been released by Eurostat on 22 September 2022 in a <u>Statistics Explained article</u>. The first GVC data under the EBS Regulation will become available in 2025 for the reference period 2021-2023.

International Trade in Goods (ITGS)

International trade in goods statistics (ITGS) measure the value and quantity of goods traded between the EU Member States (intra-EU trade) and goods traded by the EU Member States with non-EU countries (extra-EU trade) as covered by the EBS Regulation⁵, (replacing Regulation 638/2004 and Regulation 471/2009). 'Goods' means all movable property including electricity. 'European' means that the statistics are compiled on the basis of the concepts and definitions set out in EU legislation. European ITGS are the official harmonised source of information about exports, imports and the trade balances of the EU, its Member States and the euro area.

The EBS Regulation is:

1. Introducing intra-EU export micro-data exchange between EU Member States , enabling them to reduce data collection on the import side and thus potentially reducing the burden on importers as well as potentially reducing Intra-EU asymmetries;

2. Introducing new variables: partner ID, country of origin, at the level of the exchanged micro-data;

3. Reducing the coverage rate for export data from 97% to 95% at the level of the exchanged micro-data;

4. Introducing customs data exchange between EU Member States, enabling them to use customs data lodged in other Member States in the compilation of extra-EU ITGS;

⁵Basic act accompanied by:

[•] Commission Implementing Regulation (EU) 2020/1197 of 30 July 2020 — EBS General Implementing Act;

[•] Commission Implementing Regulation (EU) 2020/1470 of 12 October 2020 — GEONOM and geographical breakdown implementing act;

Commission Delegated Regulation (EU) 2021/1704 of 14 July 2021 — delegated act for ITGS exchange of information (international trade in goods);

Commission Implementing Regulation (EU) 2021/1225 of 27 July 2021 — implementing act for ITGS exchange of information.

5. Introducing four additional mandatory ITGS - Trade by Enterprise Characteristics (TEC) datasets : (a) trade by activity, with more detailed levels of the NACE, (b) trade by activity by type of control (domestically controlled versus foreign controlled enterprises), (c) trade by activity by export intensity, and (d) trade by size-class and by partner countries;

6. Improving the timeliness of the ITGS-TEC data already at 12 months after the reference period (from t+18 months);

7. Bringing additional invoicing currencies in Trade by Invoicing Currency (TIC) statistics;

The first data under the EBS Regulation become available in 2022-2023, for reference year 2022.

International trade in services (ITSS)

Statistics on international trade in services record services transactions between residents and non-residents. These statistics distinguish between transactions among EU Member States (intra-EU transactions) and transactions of EU Member States with non-member countries (extra-EU transactions). For a given country (or geographical area), the total trade in services includes international transactions with all countries of the world and equals the sum of intra-EU and extra-EU transactions.

International trade in services statistics provide monetary values by type of service and by partner country.

Considering that services play a major role in all modern economies, the EBS Regulation marks an important achievement by introducing a broad range of new official statistics in the area of ITSS, as described below.

The EBS Regulation is:

1. Introducing Services Trade by Enterprise Characteristics (STEC):

STEC provides information on the types of enterprises engaged in international trade in services and shows how enterprises in different industries supply services and how this relates to their primary activity. Under each NACE activity, trade is broken down by size class, type of product and type of enterprise control;

2. Introducing Modes of Supply (MoS):

Mode of Supply of services is an important characteristic in EU trade negotiations as they show how and where services are supplied internationally. Estimation methods have been developed and MoS will be available with geographical and product breakdown. The four modes are:

- cross-border transactions;
- consumption abroad;
- commercial presence
- presence of natural persons.

The first mandatory transmissions under EBS Regulation will be respectively: for MoS in 2024 for reference year 2023, and for STEC in 2024 for reference year 2022.

European framework for statistical business registers

Statistical business registers (SBR) as provided for by the EBS Regulation and the GIA (replacing Regulation 177/2008) are repositories of legal and statistical units to be used for producing business and macroeconomic statistics. They include information on the active population of:

- Enterprises carrying out economic activities which contribute to the gross domestic product (GDP);
- · Legal units which those enterprises consist of;
- Local units;
- · Kind of activity units;
- Enterprise groups, incl. all-resident and multinational enterprise groups.

Statistical business registers are referred to as the 'backbone' in the production of economic statistics because they provide the core infrastructure to ensure data consistency between various statistical outputs. SBRs are constituted by the national statistical business registers (NSBRs) and the EuroGroups Register (EGR). The EGR is a unique register of multinational enterprise (MNE) groups (and their constituent unit) operating in Europe. It contains variables, structures and control relationships of the MNE groups and their units and it is jointly produced by Eurostat and the EU Member States and EFTA countries.

The EBS Regulation is:

- 1. Enshrining the role of National business registers as authoritative source for business statistics;
- 2. Enshrining the role of EuroGroups Register as authoritative source for statistics related to globalisation;
- 3. Making mandatory the use of a unique identifier;
- 4. Introducing the Kind-of-Activity unit and additional variables in the NSBRs.

The first SBR data under the EBS Regulation apply to reference year 2021.

Methodology

European business statistics manuals

Legislation

European business statistics basic act:

Regulation (EU) No 2152/2019

European business statistics general implementing act:

Commission Implementing Regulation (EU) 2020/1197 of 30 July 2020 — EBS General Implementing Act (GIA)

Notes