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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**on the implementation of Decision No 1297/2008/EC of the European Parliament and of
the Council of 16 December 2008 on a Programme for the Modernisation of European
Enterprise and Trade Statistics (MEETS)**

1. INTRODUCTION

This is the fourth and final report on the implementation of a Programme for the Modernisation of European Enterprise and Trade Statistics (MEETS).

The decision¹ to launch this programme in December 2008 stated that the Commission would ‘by 31 December 2010, and thereafter on an annual basis until 2013,... submit to the European Parliament and the Council a report on the implementation of the MEETS Programme’. It further stated that ‘by 31 July 2014, the Commission shall submit to the European Parliament and the Council a final report on the implementation of the MEETS Programme. That report shall assess, in the light of the expenditure incurred by the Community, the benefits of the actions accruing to the Community, the Member States and providers and users of statistical information, to identify areas for potential improvement.’

Three reports have been published, covering the annual work programmes 2009 and 2010, 2011 and 2012. This report gives a final assessment of the implementation of the MEETS programme. More detailed information on all the results of the MEETS programme is available on a dedicated homepage under ‘Statistics Explained’ on the Eurostat website².

All MEETS activities have been in line with the strategy set out in the Communication of 10 August 2009 from the Commission to the European Parliament and the Council on the production method of EU statistics: a vision for the next decade³.

The MEETS programme was structured to achieve the following four main objectives, each of which included several projects.

(1) ‘**Review priorities and develop target sets of indicators for new areas**’ -- identifying and deciding on which new areas to describe as well as reviewing old requirements.

(2) ‘**Achieve a streamlined framework of business-related statistics**’ -- the integration of different areas of business statistics, including the coordination of legal acts, harmonisation of methodologies, linking and harmonising of statistical classifications and business registers with related sources, inclusion of multinational groups and their data collection.

(3) ‘**Support the implementation of a more efficient way of producing enterprise and trade statistics**’ -- more efficient use of existing data by integrating collected data in a single system or via micro data linking, an increased use of administrative data and taking advantage of harmonised accounting standards.

¹ Under the terms of Article 6 of Decision No 1297/2008/EC of the European Parliament and of the Council of 16 December 2008 on a Programme for the Modernisation of European Enterprise and Trade Statistics (MEETS).

² http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/MEETS_programme.

³ COM(2009) 404.

(4) ‘**Modernise Intrastat**’ -- improving the simplified Intrastat system through work on harmonising methods, enhancing the use of administrative data and Information and Communication Technology (ICT) improvements⁴.

2. IMPLEMENTATION OF OBJECTIVES AND ACTIONS 2009-2013

2.1 Level of participation and financing

By the end of 2013, most projects had been finalised and most deliverables submitted. Over the period 2009-2013, the MEETS programme provided funding worth EUR 42.5 million to support development within several business and trade-related areas of statistics. The level of implementation of MEETS operational credits during that period was 87%⁵.

Collaborative networks in the ESS, European Statistical System Networks (ESSnets), were a major means of implementing the objectives of the programme. ESSnets are a way to develop new projects in which a few ESS members interested in a specific field actively collaborate on common tasks and then disseminate the results to non-participating members. This way of working has advantages in harnessing synergies, saving costs and sharing good practices, while developing specific actions that are beneficial for the ESS as a whole. In all, 23 out of 32 ESS members took part in at least one MEETS-financed ESSnet over the five years of the programme.

Funding was also provided for individual grant agreements concluded with National Statistical Institutes (NSIs), and for some external studies carried out by contractors. Other projects without specific funding were prepared by Eurostat and the NSIs. To assist in the implementation of the programme, some funding was also used for technical and administrative support, e.g. to organise workshops and task forces with national experts. In total, 93 annual actions were funded. Grants, through either ESSnets or individual grants, were the most common instrument for financing actions (around 90 % of the operational credits). By the end of 2013, 28 out of 32 members of the ESS had taken part in at least one of the individual grants of the MEETS programme.

2.2. Objective 1: To review priorities and develop target sets of indicators for new areas Identifying areas of lesser importance

In 2009, an external study was commissioned to evaluate the legal acts in statistical areas that were identified as needing revision. The study revealed a considerable degree of consistency in concepts and definitions between closely related fields, but also identified some potential stand-alone projects, and a number of inconsistencies.

These results were the basis for the work of the ‘ESSnet on Consistency of concepts and methods of business and trade related statistics’ (objective 2).

⁴ http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/MEETS_programme.

⁵ Including internal transfers. Eurostat signalled in the Annual Activity Report 2010 an exception regarding the use of MEETS credits on the budget of 2010. This exception was taken into account in the calculation of the level of execution of MEETS operational credits for the first two years.

In 2010, the ESS Committee adopted a new strategy-driven approach. Areas of lesser importance in business and trade statistics were identified during the annual strategic review of Eurostat's priorities. Consequently, the action 'Identifying areas of lesser importance' was removed from the scope of the MEETS programme. As part of a wider discussion on so-called negative priorities within the ESS, the 2010 review resulted in the MEETS programme being streamlined, and several actions were merged.

Developing new areas (enterprise groups, globalisation, entrepreneurship)

Some studies launched at the beginning of the MEETS programme resulted in recommendations on how best to collect data in the area of statistics on enterprise groups and economic globalisation.

Following the streamlining of MEETS, further methodological work and the organisation of a pilot data collection were taken over by the 'ESSnet on profiling of large and complex multinational enterprise groups' as well as the 'ESSnet on measuring global value chains'.

The joint Entrepreneurship Indicator Programme (EIP) was developed in cooperation with the OECD to underpin policies related to entrepreneurship with indicators describing the areas of 'access to finance', 'R&D', 'innovation and technology', 'capabilities/skills' and 'culture for entrepreneurship'.

The inclusion of mandatory indicators for high-growth innovative enterprises in the legal framework of employer business demography is currently under development.

2.3. Objective 2: To achieve a streamlined framework of business-related statistics

Integrating concepts and methods within the legal framework

Business statistics are compiled in accordance with Union legislation, which has developed over the years and is not necessarily consistent in terms of concepts, scope, definitions, methodology, etc. The ESSnet on Consistency analysed potential lack of consistency of concepts and methods of business and trade related statistics.

The ESSnet proposed revised draft definitions of the statistical units 'enterprise', 'enterprises group', 'kind-of-activity unit' and 'local kind-of-activity unit' together with operational rules and a data model to enforce a uniform implementation. The proposals are currently being fine-tuned by a Task Force on Statistical Units, launched by Eurostat in 2013.

In addition, Eurostat and Member States began work to investigate the impact of implementing the revised definition of enterprises in business statistics. There will be further testing of the impact of the revised definitions and methodology in 2014 and in subsequent years, with the aim to implement them if the testing proves successful.

Other results of this ESSnet are recommendations for a method to classify statistical units applied in a comparable manner over all statistical domains, and comparable breakdowns as well as a methodology for a frame population in business statistics. In addition, the ESSnet provided recommendations for a system of variables with consistent and standardised terminology, and common definitions cross-cutting domains, including explanatory notes.

The results will feed into the framework regulation integrating business statistics, which will simplify and harmonise the existing legislation.

Developing statistics on enterprise groups

The aim of the EuroGroups Register (EGR)⁶ was to provide consistent, coordinated survey frames for producing quality statistics measuring globalisation, mainly for Foreign Affiliates Statistics and Foreign Direct Investments.

In 2009, the ESSnet on EGR methodology set up EGR version 1.0 as well as the organisational network for data exchange between Eurostat and ESS members. The yearly frame population produced by the EGR was extended from the largest 5000 multinational enterprise groups (MNEs) with an interest in the EU in 2009 and 2010, to 10 000 MNEs in 2011. In 2012, the EGR 1.0 was upgraded partially to version 2.0, thus improving the efficiency, timeliness and consistency of the output. National central banks were associated in 2012. EGR 2.0 requires users and producers to have remote access to the ESS, so it has to operate in a secure environment. Due to delays in the Secured Infrastructure for Confidential Data Access (SICON) project, EGR 2.0 was not fully operational in 2013, even though the methodological development had been completed.

At national level, implementation of the EGR was co-financed by individual grant agreements.

The ESSnet on profiling of large and complex multinational enterprise groups developed a methodology and guidelines. The ESSnet also involved ESS members that did not participate in the ESSnet on testing of operating methods for the profiling model and provided training and assistance for this purpose. Eurostat is developing an Interactive Profiling Tool to facilitate the exchange of information between ESS members, while respecting confidentiality rules. The ESSnet worked closely together with the ESSnet on Consistency in the development of revised definitions of the enterprise and operational rules.

Conducting EU surveys to minimise the burden on enterprises

EU sampling schemes aim to provide reliable EU aggregates based on a sample of some Member States for statistical data for which an EU aggregate satisfies users' needs. Some methodologies for EU sampling schemes were developed for selected business statistics domains such as space-related activities including e.g. space transport, structural business statistics for enterprises with 250-499 employees, outward Foreign Affiliates Statistics, ICT investment and expenditure and culture statistics. A pilot data collection for space related activities and Structural Business Statistics for enterprises with 250-499 employees to test and evaluate the methodology had to be cancelled because of the poor response to the call for proposals.

⁶ The legal basis was established by Regulation (EC) No 177/2008 of the European Parliament and of the Council of 20 February 2008 establishing a common framework for business registers for statistical purposes and repealing Council Regulation (EEC) No 2186/93. OJ L 61, 5.3.2008, p. 6.

2.4 Objective 3: To support the implementation of a more efficient method of producing enterprise and trade statistics

Making better use of data that already exist in the statistical system, including the possibility of estimates

The work on ‘data warehousing and data linking in the production of business statistics’ was carried out by an ESSnet set up in 2010. The ESSnet first established an overview of the state of the art and future needs in integrated business data systems of ESS members.

Its work programme focused on creating a set of guidelines, models and recommendations for building a statistical data warehouse. The results include a generic architecture, detailing its processes and metadata, and providing some insight into methodological aspects. The comprehensive set of deliverables was presented in a handbook to provide guidance to users during the entire process of setting up a statistical data warehouse. As developing integrated systems requires a lot of time, and as the ESS members should be able to continue benefiting from each other’s experience after the end of the MEETS programme, Eurostat and the ESSnet have created a centre of competence for data warehousing.

In 2009, the project on ‘data linking of trade and business statistics’ used an external study to develop the methodological framework for producing statistical indicators on external trade by business characteristics. The feasibility of a pilot data collection was also tested. In 2013, ESS members developed and compiled an extended set of indicators based on trade and business micro data. The plan is to include the new indicators in the TEC (trade by enterprise characteristics) database. A compilers’ guide for the production of statistics on international trade by enterprise characteristics based on the linkage between trade data and business register information was made available. A first set of indicators for trade by enterprise characteristics for services was also developed.

In 2009 and 2010, an approach to link micro-data on international sourcing was developed to do preliminary analysis on the economic impact of international sourcing. Based on the results of these actions, the ‘ESSnet on measuring global value chains’ was set up in 2011. The ESSnet further developed and implemented a redesigned survey on international sourcing followed by micro-data linking exercises with existing statistical data (structural business statistics, foreign trade, foreign affiliates statistics).

The ESSnet also provided a methodology of linked micro-datasets that could be used in the impact analysis on enterprises of internationally fragmented production chains on e.g. economic performance, employment and international trade in goods patterns. The ESSnet also developed a set of economic globalisation indicators. Once implemented, they will help policy makers to take decisions based on better evidence and to monitor the globalisation/internationalisation of economies. The results also include a publication about the development of a measurement framework for economic globalisation⁷.

⁷ Eurostat, Sturgeon, Timothy J.: Global Value Chains and Economic Globalisation — Towards a new measurement framework. Luxembourg 2013.

The project ‘linking data from ICT usage, innovation, structural business statistics and business registers’ was conducted from 2011 to 2013. The main achievements are:

- the set-up of an infrastructure for a distributed micro data analysis,
- the production of metadata for data warehousing purposes,
- the generation of linked micro data at national level,
- the analysis of topics for seven priority areas of the Digital Agenda for Europe,
- the production of data at industry level across multiple countries and time periods,
- a study on survey methodologies to improve the quality of linked datasets, and
- a protocol on the access to partially confidential data.

The new approach enables the production of indicators that are comparable across countries as with a clear audit trail back to the source data, but it also enables data generation. These data can be used for analysing the performance differences in ICT use across countries and industries. The micro-aggregated dataset, an output of the data linking process and the analysis of the linked datasets, will be made available for research purposes via the safe centre facilities of Eurostat. The work on survey strategies was used as input for the coordination and harmonisation of business statistics within the framework regulation integrating business statistics (FRIBS).

The ESSnet on ‘Methodology for modern business statistics (optimal sampling, model based estimation, data integration)’, set up in 2010, provided methodological guidance to support the modernisation and integration of business statistics in the ESS. As well as methodological developments concerning specific production steps (design, data collection and estimation), the project summarised the body of business statistics methods in an electronic handbook. The handbook will serve both as a reference and as a basis for training. There is the possibility of follow-up by a centre of competence. This is under consideration.

Making better use of data that already exist in the economy

The ‘ESSnet on the use of administrative and accounts data’ was launched in 2009 and investigated practical issues regarding use of these data for business statistics purposes. The main results achieved comprise:

- an overview of national practices on the use of administrative data,
- a description of the methods used for estimation of incomplete data sets when using administrative data for short-term statistics, and
- a list of indicators for assessing the quality of business statistics based on administrative data.

The ESSnet also provided information on links from statistical characteristics to the International Accounting Standard (IAS)/International Financial Reporting Standard (IFRS) and EU accounting directives.

ICT and the internet are generating huge amounts of data that could potentially be used as statistical data. In 2013, Eurostat launched a project to assess the feasibility of employing modern methodologies and indicators for collecting high quality statistics from non-traditional sources such as the internet or other big data sources. The experiences were summarised in a preliminary handbook, which can be applied by NSIs. Big data repositories were also identified and their potential for official statistics analysed. This included negotiations with big data owners on conditions for data usage by NSIs and the development of criteria for assessing the quality required. The results of the project will contribute to a broader initiative from the ESS on 'Big Data and Official Statistics'⁸.

Developing tools for more efficient extraction, transmission and treatment of data

Some NSIs received financial support to implement online data collection systems and electronic questionnaires, conversion tables between GAAP (Generally Accepted Accounting Principles) and statistical characteristics as well as Extensible Business Reporting Language (XBRL). The project 'Making better use of customs data in external trade statistics (Extrastat)' helped ESS members adapt their data collection systems to the new customs systems as per the customs legislation.

2.5 Objective 4: To modernise Intrastat

Harmonising methods to improve quality under a simplified Intrastat

The project 'Harmonising methods to improve quality in intra EU-trade statistics' was a result of a streamlining exercise in which two projects, 'Improvement of data quality under a simplified Intrastat system' and 'Reduction of asymmetries in Intrastat', were merged. Guidelines for implementing the Intrastat and Extrastat legislation were developed between 2009 and 2013 to promote harmonised and desirable practices.

Some Member States received grants to implement these methods and practices to improve quality in intra-EU trade statistics. The work to reduce asymmetries at detailed and aggregated level was continued by organising EU-wide reconciliation rounds in 2009 to 2012. In 2013 the results were assessed before carrying out further steps. Some Member States received grants to conduct bilateral or multilateral reconciliation studies.

Making better use of administrative data

Between 2009 and 2013, financial support was also provided to enhance Member States' use of administrative data when producing intra-EU trade statistics. The objectives were to reduce the response burden and improve the quality of intra-EU trade statistics. The work focused on better use of administrative data — VAT (Value Added Tax) and VIES (Value Added Tax

⁸ http://epp.eurostat.ec.europa.eu/portal/page/portal/pgp_ess/about_ess/statistical_committees/dgins.

Information Exchange) — in various phases of the Intrastat data collection and compilation systems.

The potential to use other existing administrative data was investigated for specific transactions, such as trade in ships and aircraft or gas and electricity. Co-financed by grant agreements, ten Member States managed to implement tools and methods to make better use of administrative data, and were able to reduce the administrative burden for providers of statistical information, as well as improving data quality.

Improving and facilitating data exchange within Intrastat

Projects to develop tools and methods for the data exchange within Intrastat for ESS members, financed by grants and contracts in 2009 to 2012, resulted in more use of electronic technologies for the exchange, validation and primary data collection through automated, secure processes at national and EU level. National systems of data collection and production were improved and optimised.

3. CONCLUSION

The MEETS Decision described actions to be financed over the five years of the MEETS programme. A relatively large number of initiatives could have been undertaken in the first two years of the programme. However, there were budget cuts and a lack of human resources in the NSIs.

This meant the programme had to be streamlined by merging certain activities and/or focusing on six main areas covered by ESSnets: consistency of concepts and methods, EGR, profiling large and complex multinational enterprise groups, micro-data linking and data warehousing in statistical production, methodology for business statistics, and the use of administrative and accounting data.

By the end of 2013, these ESSnets accomplished an impressive amount of work within areas such as EGR methodology, profiling, use of administrative data, consistency of legal acts, data warehousing and data linking initiatives. The most important outputs are methodological recommendations for a wide spectrum of business and trade statistics related areas. The recommendations are meant to facilitate the integration of data sets and might, if implemented, reduce the statistical burden on businesses.

In parallel, a substantial number of individual grants were used to support the work of ESS members within areas such as EGR, linking of micro data, use of administrative data, facilitation of data transfer from enterprises to NSIs, and better use of administrative data and development of tools and methods for data exchange in Intrastat.

A limited number of contracts were awarded with the aim of acquiring services within areas such as better data exchange systems in Intrastat, implementation and testing of profiling, and development of EU sampling schemes to produce EU aggregates.

Both grants and contracts contributed to the output of the ESSnets, in the main by preparing the methodology or by testing the feasibility. Furthermore, they have led to improvements in the areas mentioned on national level.

The benefits of the MEETS programme for the Union, Member States, providers and users of related statistics are difficult to quantify, as returns on investments will only materialise gradually over time. Most actions focused directly or indirectly on improving efficiency in the production of business statistics, e.g. through fostering integration, innovation of key production processes and knowledge transfer across the ESS. Improving efficiency will reduce the administrative burden for enterprises. This should be done in line with the Commission's on-going effort to improve Union legislation to stimulate extra growth for the EU economy⁹. The MEETS programme was part of the statistical community's contribution in this respect.

Without the MEETS programme, some Member States would have invested budget in the modernisation of business and trade statistics in an uncoordinated way. This would have produced results that would not have been comparable to those in other EU Member States, making aggregation to European aggregates problematic. Some Member States would not have taken appropriate action, and would be lagging behind in developments in areas such as globalisation, and would have been missing in the European picture. Some Member States would have duplicated efforts, carrying out similar exercises and repeating mistakes.

The marginal costs of implementing approaches for successfully modernising systems of business and trade statistics of some Member States might be lower than developing completely new systems. Uncoordinated efforts would have led to a situation where potential savings would not have been possible.

The aim of the MEETS programme was not only to reduce the response burden, but also to look into the possibility of creating new statistical production processes and new statistical information, to stay relevant for users. New information requirements might increase the response burden for different sectors. Also, the re-engineering of statistical operations and statistical processes requires further efforts and investments.

To fully exploit opportunities to provide the EU with better, relevant business and trade statistics, while reducing the burden on businesses that statistics generate, there was a need for investment to enable a renewed system to become operational. Some new, more cost-effective data collection systems (by linking existing data and alternative ways of collecting data other than traditional surveys) were tested in a number of Member States with the aim of creating models applicable for all. Sharing experiences and good practices (ESSnets) were the core of this programme.

As direct follow-up to the MEETS programme, Eurostat has launched a fundamental revision and integration of business-related statistics via a common legal framework for collecting, compiling, transmitting and disseminating statistics on the economic activities of the business sector, FRIBS. Currently, Intrastat is considered to be the most time-consuming area, imposing more than 50 % of the entire statistical burden on businesses¹⁰. As part of FRIBS,

⁹ http://ec.europa.eu/smart-regulation/index_en.htm.

¹⁰ http://ec.europa.eu/smart-regulation/refit/admin_burden/docs/enterprise/files/abst09_statistics_en.pdf.

Eurostat's aim is to reform Intrastat¹¹ by means of the so-called international trade package or Single Market Statistics (SIMSTAT). Special attention will be given to smaller EU Member States. This tackles the simplification of Intrastat and the quality of related statistical data.

¹¹ Regulation (EC) No 638/2004 of the European Parliament and of the Council of 31 March 2004 relating to the trading of goods between Member States and repealing Council Regulation (EEC) No 3330/91 (OJ L 102, 7.4.2004, p. 1).