



COMMISSION OF THE EUROPEAN COMMUNITIES

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

**on the appropriateness of establishing rules  
on a Europe-wide basis for more detailed levels in the NUTS Classification**

## THE BACKGROUND

At the beginning of the 1970s, the Commission set up the “Nomenclature of Statistical Territorial Units” (NUTS) as a single, coherent system for dividing up the European Union's territory in order to produce regional statistics for the Community. For around thirty years, the implementation and updating of the NUTS classification was managed under a series of “gentleman’s agreements” between the Member States and the Commission, sometimes after long and difficult negotiations. Work on a Regulation to give NUTS a legal status started in spring 2000. This NUTS Regulation was then adopted in May 2003 and entered into force in July 2003<sup>1</sup>.

The current NUTS breakdown subdivides each Member State into a whole number of regions at NUTS 1 level. Each of these is then subdivided into regions at NUTS level 2, and these in turn into regions at NUTS level 3.

Until the beginning of the 1990s, the NUTS classification consisted of these three regional levels alone. In order to meet a growing general need for information at local level, The Commission has set up an infra-regional information system, the first step being to compile a Community classification of local administrative units (“LAU”) compatible with NUTS. Two further levels (baptised LAU) have been defined in accordance with the NUTS principles, but only the last and smallest (LAU level 2) has been fixed for all Member States. This usually corresponds to the concept of the “municipality” or “commune”.

During the discussions of the NUTS Regulation in Council, there were diverging views as to how many levels of NUTS should be covered by the legal text. Many countries wanted to stick to only three NUTS levels, while some countries (supported by the European Parliament in their opinion) wanted to include levels 4 and 5, i.e. the current LAU level 1 and 2. In order to reconcile the views, the Commission accepted a proposal that it would be given two years to study the appropriateness of covering further NUTS levels in the Regulation. The NUTS Regulation therefore contains the following provision in Article 2(5):

“In each Member State, there can be further hierarchical levels of detail, decided by the Member State, whereby NUTS level 3 is subdivided. Within two years from the entry into force of this Regulation, the Commission, after consulting the Member States, shall submit a communication to the European Parliament and the Council on the appropriateness of establishing rules on a Europe-wide basis for more detailed levels in the NUTS classification.”

What would an additional NUTS level in the Regulation mean, considering the various principles of the Regulation?

- NUTS level 4 would be a subdivision of NUTS level 3 regions,
- NUTS level 4 regions should cover the territory of each country completely,

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<sup>1</sup> Regulation (EC) No 1059/2003 of the European Parliament and of the Council of 26 May 2003 on the establishment of a common classification of territorial units for statistics (NUTS) (OJ L 154, 21.6.2003, p. 1)

- The regional breakdown would be kept stable for at least three years before the next possible amendments,
- Minimum and maximum population thresholds would apply,
- Supply of complete lists of names/identities for level 4 regions,
- Development of specific rules to cover modifications of NUTS level 4 in Article 5.

In other words, the introduction of an additional regional level in the NUTS Regulation would imply a considerable additional workload both for the Member States and for the Commission. The Commission has investigated in the past months, if the advantages of an additional regional level in NUTS outweigh the additional burden.

The current Communication reflects the results of the Commission's study.

### CONSULTATION OF THE MEMBER STATES

First of all, the Commission consulted the statistical offices of the Member States. A written questionnaire was sent to all National Statistical Offices on 15 June 2004. All 25 Member States replied in this consultation process<sup>2</sup>. The replies varied widely, in both length and content. The following conclusions can be drawn:

- A large majority of countries have a regional breakdown between NUTS level 3 and LAU level 2, i.e. a LAU level 1.
- This LAU level 1 is also used for the collection and dissemination of regional statistics within the country.
- Only a very small minority of countries has more than one regional breakdown between NUTS level 3 and LAU level 2. We can therefore concentrate the Commission proposal on LAU level 1.
- In a majority of countries the boundaries of LAU level 1 change never or rarely. Stability is therefore practically guaranteed.
- Very few answers specify population thresholds for the NUTS level 4 regions. This is regarded as a difficult question.
- Opinions seem to be split on the question of whether a NUTS level 4 at the European level should be integrated into the Regulation. Counting France and Finland (that opt for functional regions that are not subdivisions of NUTS level 3 regions) as "no" votes, there are 14 Member States out of 25 that oppose a further NUTS level in the Regulation.

In a Working Party meeting with the Member States, held in Luxembourg 3<sup>rd</sup> to 5<sup>th</sup> November 2004, this issue was discussed in detail. With very few exceptions, there was a consensus that LAU level 1 should be harmonised across Europe and the Commission should play its role as communicator and coordinator, but it should not be integrated as NUTS level 4 into the

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<sup>2</sup> The questionnaire and an overview of the answers by the Member States can be found in the Annex to this Communication.

NUTS Regulation. The Commission concluded that statistics at LAU level 1 would be very welcome (on a voluntary basis) and would be loaded into the appropriate database.

## **ASSESSMENT**

Following the process of consultation on the feasibility from the Member States' view, the Commission finalised its assessment according to the following analytical framework:

### **1. EU POLICY REQUIREMENTS JUSTIFYING THE CREATION OF AN ADDITIONAL NUTS LEVEL**

Statistics at a regional level are primarily used for Cohesion Policy purposes. At present and in the foreseeable future, the lowest level for providing such data is NUTS level 3. Whilst requirements for more detailed statistical information may be required for certain policy areas (e.g. rural development) it is not yet clear whether these are best met using administrative units. No other immediate needs for systematic collection of regional statistics at a lower administrative (i.e. NUTS) level could be identified.

As the Union broadens, policy application is most probably going to get wider in geographical terms rather than anything else. Subsidiarity may require Member States to go into more detail in certain policy initiatives (e.g. urban programmes) but the Commission cannot and should not manage this level of detail Union wide but in a policy targeted perspective.

Hence, from a European policy point of view, the creation and management of an additional NUTS level in the NUTS Regulation is not justified.

### **2. FEASIBILITY OF INCLUDING A NUTS LEVEL 4, ACCORDING TO THE PRINCIPLES OF THE LEGAL TEXT, INTO THE REGULATION FOR ALL MEMBER STATES**

In view of the strong resistance of a majority of statistical offices of the Member States, it seems rather problematic to force all Member States to create a NUTS level 4, which has to cover the whole country, be stable over time, respect certain size thresholds etc.

Many statistical offices had good arguments for not introducing a formal additional NUTS level: adding a fourth level of regional breakdown would not enhance quality and comparability of European statistics. The territorial divisions based on administrative regions consist of very different kinds of areas, which are more and more different when going down the hierarchy. Population thresholds, as such, would not harmonise the areas nor make them more usable, when they are applied to rather small "regions". However a flexible (case by case) use of other territorial divisions than NUTS level 1 to 3 is supported, if policy needs demand so.

### **3. DATA PROVISION RESULTING FROM AN ADDITIONAL NUTS LEVEL IN THE FORMAL REQUIREMENTS OF THE REGULATION**

A first candidate for regular statistics at NUTS level 4 would be annual population data. At the moment, the Commission receives every ten years detailed population data from the census at LAU level 2 (municipalities). To have fresher data in a harmonised form at LAU level 1 (respectively NUTS level 4) would allow an in-depth analysis of regional evolution at a European scale.

### **4. JUSTIFICATION OF THE RESOURCES NECESSARY FOR PROVIDING STATISTICS AT A POSSIBLE NUTS LEVEL 4**

Two different types of costs need to be identified here: resources needed for keeping up to date the structure of an additional NUTS level (administration of codes, region names, respecting thresholds, management of changes etc.) and resources needed for the statistical data set. The NUTS regulation only concerns itself with the classification as such and NOT the statistical data, which is regulated in other statistical legal acts. At present there is no legislative framework to collect data at any thing more detailed than NUTS level 3, and there are no current plans for more detailed collections of data. It therefore seems inappropriate to expend scarce resources on the maintenance of a classification for which no statistical data is currently envisaged.

## **CONCLUSION**

The Commission concludes that currently no additional level of regional breakdown should be envisaged in the framework of the NUTS Regulation. The efforts of the services should concentrate on the statistical information available at the existing NUTS levels in terms of consolidation in the enlarged EU, quality improvement and obtaining additional regional data where required for policy purposes.

Also, at an informal level, the harmonisation of LAU level 1 should be supported actively by the Commission at a European scale. This comprises an intensive exchange of views between statistical offices, encouraged and supported by the Commission, and the development of guidelines to a harmonisation of concepts with regard to the definition of LAU level 1 regions.

It is proposed that the situation should be reassessed at some point in the future. The most appropriate moment would appear to be in 2008, which follows the start of the next Cohesion Policy period.

## ANNEX

### **4.1. Questionnaire to the Member States**

#### **Question 1**

Is an official territorial breakdown lower than NUTS level 3 (and above LAU level 2, i.e. the local administrative units) used for statistical purposes in your country? Please describe this level of your territorial classification (number of regions, average size, with an administrative function or not, position in the hierarchy of regions).

#### **Question 2**

Do you have more than one territorial breakdown in your country between NUTS level 3 and LAU level 2 for statistical purposes? If so, describe them all and point out the differences. Please answer in this case the questions below for all these breakdowns.

#### **Question 3**

Do you use, collect and disseminate any regional statistics in your country for this detailed level below NUTS level 3? Please give a few examples of statistical domains for which data are regularly produced and/or disseminated at the detailed breakdown.

#### **Question 4**

How often do boundaries of units of this level of your regional classification change? You may specify both frequency and number of units affected by territorial changes.

#### **Question 5**

Irrespective of the situation in your country, would you welcome a NUTS level more detailed than NUTS level 3 for the European Union? Would you welcome one additional level (NUTS level 4) or more than one additional NUTS levels (NUTS levels 4, 5 ...)? Please explain your views on this.

#### **Question 6**

In your opinion, what should the population thresholds be for the additional NUTS level(s)?

#### **Question 7**

Please let us have any further comments on the issue of further NUTS levels.

#### 4.2. Annex 2: Summary of the Member State replies

	Regional break-down below NUTS 3 ?	More than one level?	Collection and publication of data?	Frequency of boundary changes	NSO wants NUTS levels below level 3 ?	Population thresholds?
Belgium	no	—	—	—	no	—
Czech Rep.	yes	partially	yes	rarely	no	—
Denmark	no	—	—	—	no	—
Germany	partially	no	yes	frequently	no	—
Estonia	yes	no	yes	rarely	yes	30 000 - 500 000
Greece	yes	no	yes	rarely	yes	difficult
Spain	yes	for some domains	no	rarely	yes	difficult
France	not for statistics	no	no	rarely	functional regions	50 000 - 150 000
Ireland	yes	no	yes	rarely	no	—
Italy	yes	no	in future	every 10 years	yes	no answer yet
Cyprus	yes	no	yes	never	yes	40 000 - 150 000
Latvia	yes, but will be abolished	no	yes	rarely	no	—
Lithuania	yes	no	yes	rarely	no	—
Luxembourg	yes	for some domains	yes	rarely	yes	difficult
Hungary	yes	no	yes	frequently	no	—
Malta	yes	no	yes	rarely	maybe	30 000 - 130 000
Netherlands	no	—	—	—	no	—
Austria	yes	no	yes	never	no	—
Poland	yes	no	yes	frequently	yes	average of countries
Portugal	yes	no	yes	rarely	yes ( <i>reservations</i> )	—
Slovenia	yes	no	yes	frequently	maybe	difficult
Slovak Republic	yes	no	yes	rarely	no	difficult
Finland	yes	no	yes	frequently	functional regions	makes no sense
Sweden	yes	no	no	never	no	—
United Kingdom	yes	yes	yes	rarely	yes	25 000 - 150 000