



COMMISSION OF THE EUROPEAN COMMUNITIES

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

on the implementation of Council Regulation (EC) No 577/98

{SEC(2007) 29}

1. INTRODUCTION

This is the third in a series of three-yearly reports that the Commission is required to submit under Article 7 of Council Regulation (EC) No 577/98 on the organisation of the labour force sample survey (LFS) in the Community. The first report was submitted by the Commission in 2000 and covered the period 1998-1999, while the second was submitted in 2003 and covered the period 2000-2002.

This report documents the progress made by Member States, Candidate and EFTA countries (hereinafter referred to as Participating Countries¹) with respect to the provisions of the Council Regulation and the associated Commission Regulations issued during the period 2003-2005. The content of the report is based upon quality reports, data and other information received from the countries concerned, in addition to analyses of the national questionnaires.

2. MAIN POINTS

Since the last Report to the Council and the European Parliament, considerable progress has been made towards improving the data quality and comparability of the national Labour Force Surveys. All the Member States have started to implement the continuous survey, enabling Eurostat to publish quarterly results. Timeliness of data delivery has improved and several countries have revised and improved their questionnaires and survey designs, thereby making for greater comparability of the survey across Europe and better coverage of the population.

The situation regarding the progress made in implementing specific aspects of Council Regulation (EC) No 577/98 is described in more detail below, with references to the relevant articles.

2.1. Implementation of continuous quarterly surveys – Article 1

Regulation (EC) No 1991/2002 of the European Parliament and of the Council, which requires the Member States to implement a continuous quarterly survey from 2003 onwards, was adopted in October 2002. Two countries received derogations allowing them to extend the transitional period: Italy (until the end of 2003) and Germany (until the end of 2004).

Overall, substantial progress has been achieved in the implementation of the continuous survey, with few exceptions: Luxembourg has as yet only implemented a survey providing annual results. Hungary, Slovenia, Bulgaria, Romania, and Turkey had not covered all weeks of the year by 2005. From 2006 this situation has been rectified for Hungary, Slovenia, Romania and Turkey. Luxembourg, Slovenia, Hungary, the Netherlands and Germany still diverge from a uniform distribution of the sample over the weeks of the year.

¹ The Former Yugoslav Republic Macedonia does not deliver micro-data to Eurostat from the National Labour Force Survey; nor has it provided any details regarding the survey. Consequently, FYROM is not covered by this report.

Croatia, Turkey and Switzerland do not conduct a continuous survey. Croatia plans to implement one from 2007, Turkey from 2009 and Switzerland from 2009.

2.2. Precision requirements – Articles 3(1) and 3(2)

Article 3(1) stipulates that the annual relative standard error for the characteristic unemployment (set at 5%) should not exceed 8% at regional level (NUTS II).

In only 31 out of 281 regions at NUTS II level (in France (8), Poland (6), United Kingdom (8), Bulgaria (2) and Romania (7)) did the Labour Force Survey not achieve the precision requirement laid down in Article 3(1) for all three years.

Article 3(2) stipulates that the relative standard error for change between two quarters (set at 5% sub-population) should not exceed 3% (2% if the country has 20 million inhabitants or more).

Belgium, Denmark, Estonia, Latvia, Lithuania, Poland, Bulgaria and Romania were not in line with the precision requirement of Article 3(2) in any of the years 2003-2005.

2.3. Survey characteristics – Article 4(1)

Some Participating Countries are still not providing a full set of the mandatory variables, which restricts the comparability of data.

2.4. Annual programme of ad hoc modules – Article 4(2)

The annual programme of ad hoc modules provided results on lifelong learning (2003), the length and organisation of working time (2004), and reconciliation of work and family life (2005). All Member States, Candidate and EFTA countries participated in the ad hoc modules, with the exception of Croatia and Turkey.

The data was generally transmitted in time with the exception of one Member State for the module 2003 (SE), four Member States for the Module 2004 (CZ, EL, IT and SE) and 3 Member states for the module 2005 (DE, EL and SE).

The whole set of the 2005 variables were transmitted by all Member States. Two Member States (NL and UK) haven't transmitted some of the variables of the 2003 ad hoc module. Concerning the 2004 ad hoc module this was also the case for LT, HU and SI.

2.5. Definition of unemployment and the 12 principles for formulating questionnaires – Article 4(3)

There are still issues of labour status not being measured in the same way across the Participating Countries. These relate to the lower age limit (Spain, UK, Iceland and Norway setting it at 16), definition of the availability period (Belgium, Czech Republic, Greece, Ireland, Italy, Cyprus, Latvia, Lithuania, Hungary, Malta, Netherlands, Slovenia, Slovakia, Finland, Bulgaria, Croatia, Romania, Turkey, Iceland and Norway taking this to be 2 weeks after the interview) and follow-up questions on persons not looking for work because they have already found a job

(Estonia, Ireland, Luxembourg, Hungary, Slovenia, Croatia, Romania and Norway either not testing when the job starts or whether the person is in the meantime available to work within two weeks of the reference week). In 2006, Germany, Slovakia and Norway have already made changes to correct these deviations.

The 12 principles for formulating the questionnaire were designed to provide minimum harmonisation with regard to key measurements of the LFS. Ireland, Malta, Slovenia and Croatia start with questions on main status, which may interfere with the ILO definition of employment in the reference week. The Netherlands and Norway ask only those expressing willingness for work if they had looked for work in the past 4 weeks. Other deviations are minor. Two countries (Austria and Spain) respect all the principles.

2.6. Timeliness of data transmission – Article 6

There has been an improvement in the timeliness of the quarterly data since the last report.

Quarterly data are now submitted by most Participating Countries within the 12-week transmission period.

3. CONCLUSION

There has been good progress within Member States, Candidate and EFTA countries in a number of important areas since the last report to the Council.

Faster transmission of data has improved the usefulness of the quarterly results. Countries have directed national resources to test and introduce technical improvements to their surveys, in some cases with the financial support of the Commission, and this has increased the comparability and general quality of the data.

However, the Commission is concerned that not all mandatory variables are being transmitted by Participating Countries and there are still issues of Participating Countries not measuring certain variables in the same way. This is especially important with key estimates relating to employment and unemployment, some countries not having fully implemented the definition of unemployment and the 12 principles for formulating questions on labour status.

Good progress has been achieved in the implementation of the continuous survey. However, there are still some Participating Countries that do not fully distribute the sample *uniformly* over *all* weeks of the year. One Member State is still not providing quarterly results from the continuous survey.

Some Participating Countries have still to adjust their survey design to fully comply with the precision requirements either at regional level or with regard to estimates of changes between quarters.

The Participating Countries must fulfil their obligations under this Regulation, and the Commission will continue to work closely with Member States, Candidate and EFTA countries to achieve full implementation of its provisions.

In this context, compliance monitoring is conducted by Eurostat twice a year. Actions according to the importance of the infringement are taken accordingly.