Assessment of general economic statistics for the euro area

Together with indicators on money and banking developments, financial markets, the balance of payments and the financial accounts, the provision of a wide range of timely and reliable general economic statistics is vital for the conduct of monetary policy. It is needed for the assessment of the outlook for price developments and the risks to price stability in the euro area. The document entitled "Statistical requirements of the ECB in the field of general economic statistics" (August 2000) states the needs for indicators on prices and costs, output and demand, the labour market and external trade. These statistics are also the focus of the Action Plan on EMU Statistical Requirements established by the European Commission (Eurostat) in close co-operation with the ECB. This article surveys and evaluates the provision of general economic statistics for the euro area against the background of the ECB requirements. Common methodological standards have been defined for many fields of euro area statistics, and progress has been made, with respect to both availability and timeliness. However, shortcomings still remain and the EMU Action Plan and the resulting statistical initiatives at the Community level are of utmost importance for the further development of euro area statistics.

1 Importance of euro area statistics for monetary policy

As was most recently explained in the article "The two pillars of the ECB's monetary policy strategy" in the November 2000 issue of the Monthly Bulletin, in parallel with the analysis of monetary growth, the ECB analyses a wide range of other economic and financial variables in order to form a broadly based assessment of the outlook for price developments and the risks to price stability in the euro area.

High-quality statistics are vital for a reliable picture of the economy. Policy mistakes due to incomplete or unreliable statistics can be costly in terms of higher inflation and lower growth. In this respect, the needs of the ECB are no different from the needs of national monetary authorities in the euro area in the past, and of central banks elsewhere. The article entitled "The role of short-term indicators in the analysis of price developments in the euro area", published in the April 1999 issue of the Monthly Bulletin, explained in detail the usefulness of specific indicators for monetary policy purposes.

A harmonisation of concepts and methods is essential to ensure that any euro area indicator compiled from national series accurately depicts developments and thereby provides information for monetary policy decisions. Backdata are essential for econometric analysis which contributes to the understanding of the euro area economy.

Concerning geographic coverage, aggregate data for both the euro area as a whole and for individual countries are of the greatest importance. Links between economic variables necessitate the monitoring of a wide range of statistics on prices and costs, supply and demand, and the labour market, covering all sectors of the economy. In addition to the conventional statistics on industry and trade, indicators for the increasingly important services sector are needed.

Timeliness and a sufficiently high frequency of data are essential for the conduct of monetary policy. Only timely statistics can provide information on the current state of the economy. Differences with regard to timeliness currently exist between Member States, and using the most timely national data releases as advance proxy indicators for the euro area as a whole may be misleading. While alternative benchmarks may be considered, the first goal for all countries would be to match the best timeliness standards in the EU (see Box 1 for a further discussion of this issue).

For given resources and methods, there is a conflict between timeliness, on the one hand, and reliability and availability, on the other. In this respect, timely aggregated results are more important than detailed breakdowns for monetary policy purposes. Moreover, for policy use, the requirements in terms of

accuracy are very high. The ECB is particularly aware of this trade-off and the need to balance timeliness and reliability. However, for euro area aggregates, there is not necessarily a trade-off in the short term. Earlier provision of country data would mean fuller coverage in early euro area aggregates, thereby enhancing their reliability. Although earlier national estimates may be less reliable, the impact of this on euro area aggregates may be compensated for by the improved coverage.

Timeliness of euro area general economic statistics

Most statistics for the euro area are published some time after the first releases of national data, as production is dependent upon the availability of harmonised national data. The release of euro area data by the European Commission (Eurostat) is not only later than releases in many euro area countries, but also later than corresponding releases of major countries outside the euro area. Generally, Eurostat produces a first estimate for a particular period when available national data cover 60-80% of the euro area (in the case of the Harmonised Index of Consumer Prices (HICP) a coverage of 100% is usually applied for publication). A high coverage is desirable in order to increase reliability and avoid significant revisions at a later stage.

Several factors can account for delays in the publication of euro area statistics. EC statistical regulations often contain low minimum standards rather than a target for timeliness. The timetables were set in order to allow *all* countries to meet them and timely statistics were not given high priority in all Member States in the past. An example of this is the reporting of quarterly data on the gross domestic product (GDP) as long as 120 days after the period to which they relate, as required in the Regulation on national accounts. The availability of euro area aggregates may also be delayed because national data have to be compiled according to harmonised definitions for the creation of a euro area aggregate. For instance, national register data on unemployment are sometimes available quite quickly, but are often not an appropriate source of comparable data. The consistency required for related data originating from different sources or for data presented in an accounting framework (such as the national accounts) is essential for the quality of the data but may be another reason why the publication of results takes longer.
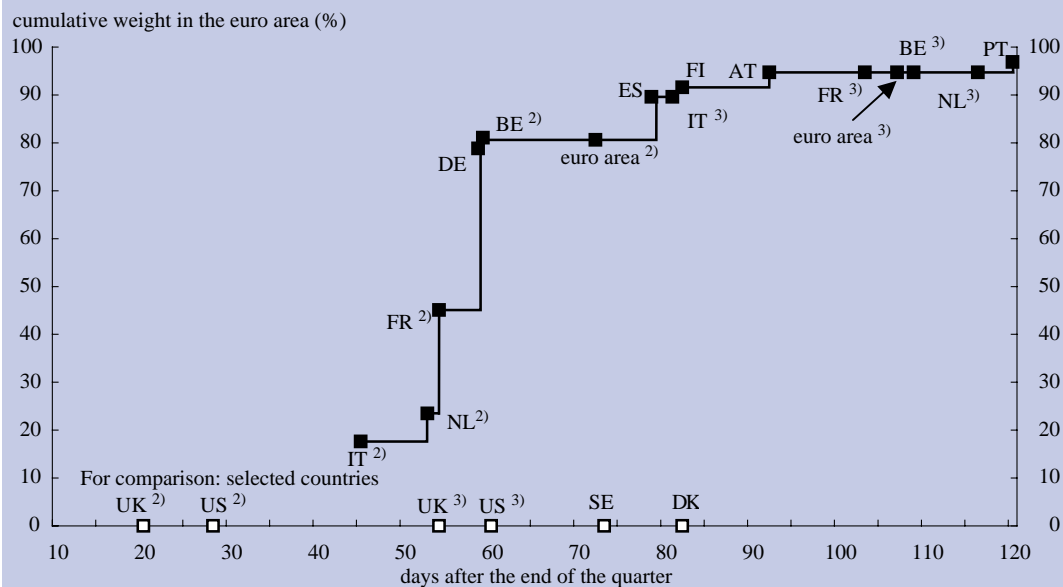
The chart below shows the publication timetable relating to two key variables (HICP and GDP) for EU countries, for the euro area aggregate and for corresponding data on the United States. For quarterly GDP, national releases are spread out over time reflecting the wide range of sources and methods used for the compilation of the data. First estimates for the euro area are available after around 70 days, with a coverage of around 80% of the euro area. The UK and US data releases are much earlier (after 20 and 28 days, respectively, for the first estimate and after 54 and 60 days, respectively, for the more reliable second estimate). For the monthly HICP, with regard to which collection methods are more similar across Member States, the euro area data are released more quickly and compare well with the timeliness of other international consumer price indices. However, the time span of around 20 days between the first and the last national information on consumer price developments in the euro area is considerable. This difference is partially due to different collection periods within the month, but also results from the earlier publication of first estimates for overall HICP by Germany and Italy.

Important lessons can be learnt by comparing the statistical compilation systems of different countries in order to determine the best practices, in terms of producing timely and reliable statistical publications. For most statistics, there are several EU countries which have achieved a good timeliness and may serve as a useful benchmark. Convergence on these practices would be desirable as a short-term objective. It also has to be acknowledged that improved timeliness is only of benefit when data reliability is not significantly affected. However, the standards of timeliness and, at the same time, reliability achieved by some Member States suggest that improvements without a reduction in quality are possible.
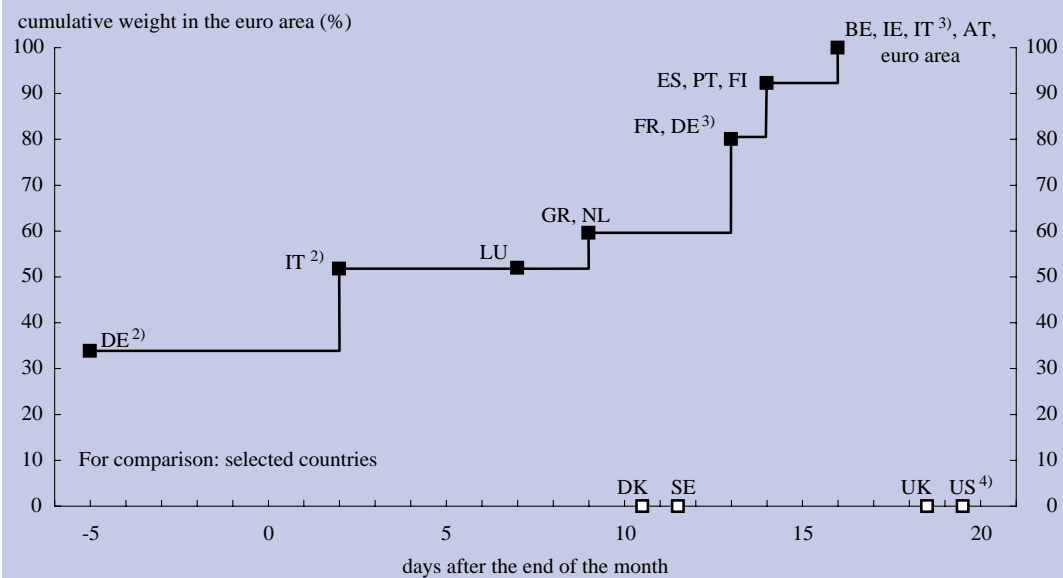
Comparison of data release timetables

Release of GDP [1]
(days after the end of the reference quarter – third quarter of 2000)

cumulative weight in the euro area (%)

days after the end of the quarter

Release of HICP
(days after the end of the reference month – February 2001)

cumulative weight in the euro area (%)

days after the end of the month

1) No quarterly data are released yet for Greece and Luxembourg. Data for Ireland are released after around 180 days.
2) First estimate.
3) Second estimate (complete breakdown).
4) Consumer Price Index.

2   Development of euro area statistics

The European Commission (Eurostat) is responsible for compiling most non-financial euro area statistics. However, Eurostat does not collect raw data from reporting agents (mainly companies and government agencies). This is done by the Member States, in most cases by National Statistical Institutes (NSIs). Eurostat's task is to ensure the use of comparable methods, to compile European and euro area aggregates and to release the results to the public. The co-ordination of the work by Eurostat and the national institutions is carried out by the Statistical Programme Committee (SPC) comprising the heads of Eurostat and the NSIs, supported by expert working groups.

The main legal basis for Community statistics is Article 285 of the Treaty of Amsterdam, as signed in 1997, according to which "the Council [...] shall adopt measures for the production of statistics where necessary for the performance of the activities of the Community". In addition, the Regulation on Community statistics, adopted in 1997, defines the division of responsibilities between national and Community statistical authorities.[1] While before the Maastricht Treaty in 1992 the compilation of statistics at the European level was based mainly on agreements, most statistical developments in recent years have been introduced by legal acts. Supplying national statistics for Community purposes according to common standards has become mandatory for all EU Member States.

In preparation for Economic and Monetary Union (EMU) comparable statistics were required for the assessment of convergence. In this context, the definition of the Harmonised Index of Consumer Prices (HICP) was agreed in 1995 and the initial series were released in 1997.[2] This index has become the main indicator of price developments for the ECB. Further parts of the statistical basis for EMU include the adoption of the revised European System of Accounts (ESA) in 1996, which provides the framework for quarterly and a comprehensive annual set of national accounts.[3] The Regulation of 1998 concerning short-term statistics complements this with a wide range of indicators for industry, construction, retail trade and services data at a monthly or quarterly periodicity.[4] Moreover, the Regulation of 1998 on labour force sample surveys is designed to ensure comparable and detailed information on the labour market.[5]

Although the legal acts were all adopted before the start of Stage Three of EMU in January 1999, they were, with the exception of the Regulation concerning harmonised indices of consumer prices implemented too *late* to produce results in time for the start of Monetary Union. Indeed, some statistics are still not available. The main reason for this is the long implementation time foreseen in the regulations, which is often needed either to produce new statistics in the Member States or to implement major changes to statistics. In addition to general transition periods, specific derogations from the legal requirements for individual Member States, which extend up to 2003 or even 2005, are a hindrance to compiling euro area aggregates. Thus only a small part of the statistics covered in regulations adopted between 1996 and 1998 can currently be aggregated by Eurostat to compile results for the euro area. Moreover, many statistics released by Eurostat are published later than desirable due to the lack of timely data for some Member States.

The European Monetary Institute, the forerunner of the European Central Bank, first laid down requirements for general economic statistics for monetary policy purposes in 1996.

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1   *Council Regulation (EC) No. 322/97 of 17 February 1997 on Community statistics.*
2   *Council Regulation (EC) No. 2494/95 of 23 October 1995 concerning harmonised indices of consumer prices.*
3   *Council Regulation (EC) No. 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community.*
4   *Council Regulation (EC) No. 1165/98 of 19 May 1998 concerning short-term statistics.*
5   *Council Regulation (EC) No. 577/98 of 9 March 1998 on the organisation of a labour force sample survey in the Community.*

The ECB reaffirmed them in the August 2000 publication mentioned above.

The importance of high-quality statistics for EMU is also reflected in the work of the Economic and Financial Committee (EFC), previously the Monetary Committee, following an initiative by the ECOFIN Council and the Eurogroup in 1998. In late 1998, a first report on statistical requirements for EMU was prepared. Since then, progress has been reviewed in three reports, of which the latest was endorsed by the ECOFIN Council in January 2001. In this context, in June 2000, the ECOFIN Council invited the European Commission (Eurostat), in close collaboration with the ECB, to establish an EMU Action

Plan identifying for each Member State, and for each statistical area, where urgent progress should be made, as well as possible modifications to existing statistical regulations.[6] The ECOFIN Council asked the various national and Community authorities to ensure the implementation of the EMU Action Plan within the desired time frame. It also called for a continued dialogue at the national level between the budgetary and statistical authorities to ensure that the statistical authorities have adequate resources to implement the Action Plan. Box 2 reviews the Action Plan in more detail.

6   All documents are available on the website of the Council of the EU (http://ue.eu.int/emu).

Box 2

The EMU Action Plan

The EMU Action Plan of September 2000 requires improvements in key areas of general economic statistics. It focuses on specific areas where there are particularly urgent problems with the compilation of timely and reliable euro area aggregates. By requesting possible modifications to existing statistical regulations, it initiates substantial improvements of euro area statistics. Although the focus is on the euro area, all EU Member States are covered in the EMU Action Plan.

Improved reporting by Member States

The EMU Action Plan covers the five areas set out in Table A below and requires improvements from the Member States concerned. Target values for timeliness have also been set.

Table A: Main national action points under the EMU Action Plan

Subject	Main objectives of national action
Quarterly national accounts	• Release of GDP and main components after 70 days • Supply of missing, but mandatory national accounts data • Backdata to 1980
Quarterly public finance statistics [1]	• Supply of key non-financial and financial public finance statistics by end-2000
Labour market statistics	• Improvements to employment data (timeliness, coverage) • Improvements to the Labour Cost Index (timeliness, coverage) • Release of quarterly results of the Labour Force Survey after 90 days
Short-term statistics	• Supply of key indicators by end-2001 (end-2002 in some cases) • Respect of requirements for timeliness in the Regulation
External trade	• Release of data on trade with non-euro area countries after 40 days

Source: Action Plan on EMU Statistical Requirements, September 2000.
1) Requirements for public finance statistics are not discussed further in this article.

The EMU Action Plan resulted in the adoption of national action plans by Member States. However, gaps remain between the commitments made by Member States and the EMU Action Plan, in several cases owing to the fact that NSIs consider that budgetary resources are insufficient to meet the requirements of the Action Plan. While not all countries will meet the EMU Action Plan for all indicators, it is hoped that the objective of the Economic and Financial Committee, namely 80% coverage of the euro area by the end of 2001 or 2002, will be met. This would improve the availability, timeliness and, in some cases, the reliability of euro area statistics.

Modifications to statistical legislation

The EMU Action Plan also proposes modifications of statistical regulations which will affect all EU countries. It is the first comprehensive review of the legal basis for macroeconomic statistics since the introduction of the single currency. Table B gives an overview of the main changes requested by the EMU Action Plan and the planned timetable for the adoption of changes.

Table B: Legal initiatives under the EMU Action Plan

Subject	Main modifications	Planned adoption
Quarterly national accounts	• Shorten reporting delay to 70 days • Add data on hours worked • Add limited set of accounts for institutional sectors (households, non-financial corporations, etc.)	Second half of 2001 Second half of 2001 Second half of 2002
Quarterly public finance statistics [1]	• Establish non-financial and financial accounts for general government	Second half of 2001
Labour market statistics	• Establish legal basis for Labour Cost Index with improvements in coverage, timeliness and comparability • Set deadline for introduction of continuous Labour Force Survey	Second half of 2001 Second half of 2001
Short-term statistics	• Establish harmonised statistical definitions to improve comparability • Amend Regulation where necessary (e.g. add data on import prices)	Early 2001 Second half of 2002

Source: Economic and Financial Committee, 3rd Progress Report on the implementation of the Monetary Committee's report, supported by the ECOFIN Council in January 2001.
1) Requirements for public finance statistics are not discussed further in this article.

The European Commission is expected to submit an initial package of proposed legal amendments to the EU Council and the European Parliament in the first half of 2001. The ECOFIN Council considers the proposals a matter for rapid adoption.

Action points for the European Commission

The EMU Action Plan also contains a number of points for action by the European Commission. Among other things, Eurostat will set up a public database for euro area and EU aggregates. It will give access to data at the moment of their release to the press. Further action points concern the compilation of euro area aggregates whenever there is an adequate country coverage, the compilation of long national accounts series for the euro area and improved practices for seasonal and working day adjustment of euro area aggregates.

3 Current situation and required improvements

For each of the main areas of general economic statistics, this section reviews the data currently available, which are regularly reported in the "Economic developments in the euro area" and "Euro area statistics" sections of the ECB Monthly Bulletin. The improvements needed most, including those highlighted in the EMU Action Plan but excluding public finance statistics, are also specified.

Prices and costs

Harmonised Indices of Consumer Prices

Price stability is defined by the ECB as a year-on-year increase in the euro area HICP of below 2% and is to be maintained over the medium term. It is very important that the HICP fulfils certain requirements, including a broad coverage of household expenditure, timely publication, and monthly frequency.

Monthly HICPs are available for all euro area countries for a detailed product breakdown. The euro area HICP is now published on average only 18 days after the reference period. Harmonisation work for the HICPs started in the mid-1990s and is continuing. The coverage of the HICP was enlarged with effect from January 2000 and January 2001 (new items covered are in particular health, education and social protection services) to include a very comprehensive share of consumers' expenditure (see Box 2 entitled "Changes in the coverage and methods for the computation of the Harmonised Index of Consumer Prices" in the March 2001 issue of the Monthly Bulletin). In addition, much conceptual work is being carried out by Eurostat and the Member States with the aim of improving the methodology and comparability of price measurements.

Overall, the HICP has reached an advanced standard of harmonisation and quality. For this reason, the HICP is not part of the EMU Action Plan. However, further harmonisation work is under way, in particular in two fields. First, Eurostat is developing and assessing a method to introduce owner-occupied housing costs, outside the official index and for a limited test period. Second, work is being undertaken to further harmonise and improve the methods of adjusting consumer price indices for changes in the quality of goods and services. This issue is regarded as one of the main difficulties in compiling price indices.

Producer, trade and other prices

Indications of price developments in the industrial sector, as measured by producer prices, may play an important role in signalling likely future changes in consumer prices as changes in production costs feed through to consumer prices.

Industrial producer price indices (excluding construction) for the euro area domestic market are published monthly by Eurostat. This indicator is now released five weeks after the reference period. Its main breakdown into intermediate goods, capital goods and consumer goods prices provides a framework for assessing the impact of changes in input prices (e.g. commodity prices) along the chain of production. However, the comparability of producer prices has still to be improved, since important differences in definitions continue to exist between countries (e.g. for the treatment of taxes). Under the EMU Action Plan, measures to improve harmonisation have recently been adopted.

Euro area *price indices for exports and imports* of goods are not available. Although the share of imports in total domestic demand is relatively small in the euro area, imported inflation does affect producer prices and, over time, consumer prices. The available alternative proxies are unit value indices from foreign trade statistics which, however, differ substantially in the method used from that used for price indices and are released late,

after approximately 90 days. Trade price indices for imports from and exports to outside the euro area would be extremely useful, but are not expected to become available in the near future.

The available data on *construction prices* for the euro area are inadequate in terms of coverage and are based on non-harmonised national data. With regard to *residential property prices,* the methods and definitions used to compile national series differ very significantly, affecting the reliability of any derived euro area estimates.

Price-related *opinion survey* data are available in a timely manner and for all Member States. The data are published by the European Commission (DG ECFIN), and both businesses and consumers are surveyed about their expectations concerning prices.

Labour costs

Labour costs, which are an important element of overall production costs, have a significant impact on price formation, while price developments, in turn, may have implications for future wage developments. Labour costs also provide input for indicators of competitiveness, such as unit labour costs. It is thus crucial to monitor their developments closely and reliable data are required at high frequency. Labour cost data with a breakdown by main sectors of activity and by main labour cost components are needed, at a monthly or quarterly frequency. In addition, a more detailed breakdown of labour costs, on an annual average basis, by component and branch provides valuable information on structural developments.

A key source of aggregate information on labour cost developments is data on *compensation per employee* and *productivity,* derived from the national accounts for the whole economy and for the main sectors. They are used to compile the unit labour costs. The figures published in the Monthly Bulletin are estimated by the ECB, as Eurostat

has not yet released quarterly compensation indicators for the euro area based on the national accounts. Improvements to the timeliness of these data are requested from around 100 to 70 days by the EMU Action Plan.

Another source is data on quarterly *hourly labour costs* for the euro area, which were first released by Eurostat in 1999. Data are collected from Member States on a voluntary basis and first results are published after around 95 days. Eurostat has set a common definition, covering industry and market-related services, i.e. around 65% of total employment. The sources and coverage of the statistics still differ substantially between countries, with some using proxies, as described in the February 2001 Monthly Bulletin (see Box 3 entitled "Recent developments in euro area labour cost indicators"). In an attempt to improve both the methodology and timeliness of these statistics, work is currently under way at Eurostat under the EMU Action Plan to establish a legal basis for a more broadly based indicator. At present, however, the compensation per employee derived from national accounts sources is a more reliable indication of labour cost developments for the euro area as differences in coverage and methods reduce the reliability and usefulness of the euro area indices of hourly labour costs.

Specific information on *wages and productivity in industry* is expected to become available in the course of 2001, under the EMU Action Plan. Moreover, Eurostat is currently investigating the use of national sources of information on *collective wage agreements.*

Output and demand

Indicators of output and demand provide information on the cyclical position of the economy, an important element in the analysis of prospects for price developments. For this purpose, national accounts, short-term statistics on activity in industry and

services and qualitative surveys are used. A high frequency and timeliness are essential. For the analysis of structural economic developments, such as the emergence of a "New Economy" in the euro area, annual national accounts data are needed.

National accounts

National accounts data are compiled according to the harmonised ESA 95 methodology. The implementation of the ESA 95 started in early 1999 and will continue until 2003. However, available Member State data are lagging behind the requirements of the Regulation, partially due to specific national derogations. Moreover, at present, publication delays for some Member States are longer than those provided for in the derogations.

For the euro area, only a limited set of main aggregate indicators is currently available. Quarterly GDP and the expenditure components are estimated by Eurostat. Since January 2001, Eurostat has also been estimating the output side (breakdown of value added into six branches). These two sets of data are currently only available going back to 1991.

The first quarterly estimate of the national accounts at constant prices is currently produced around 70 days after the end of the quarter. Second and third estimates, including current price data, are released after around 105 and 120 days respectively. This is too slow for monetary policy purposes. Moreover, varying publication delays of national data mean that the country coverage for Eurostat's first estimate is incomplete.

Under the ESA 95, a broad set of annual data will be published as well. However, data for Member States are still incomplete and the length of the available series is often relatively short, limiting their usefulness for economic analysis. Eurostat does not yet compile euro area aggregates. The data concerned cover detailed information by branch for value added, capital formation, compensation and employment as well as detailed consumption expenditure. Furthermore, annual accounts broken down by main institutional sectors of the economy (non-financial and financial corporations, general government and households) are not yet available. The detailed annual accounts are needed by the ECB to support the analysis of income, expenditure and production, but also that of saving, financing and investment by institutional sectors.

Progress is expected as the EMU Action Plan requires the main quarterly aggregates to be available after 70 days. A second project is the provision of a limited set of non-financial accounts broken down by institutional sector at a quarterly frequency (with key indicators such as household savings and investment of non-financial corporations).

Other short-term statistics

Short-term statistics are compiled under the EC Regulation concerning short-term statistics and cover a large set of monthly and quarterly indicators for industry, construction, retail trade and other services. While some indicators relate to current activity (production, turnover, etc.), others indicate prospects (e.g. new orders). For the purpose of short-run assessments, information broken down in limited detail by main branch is generally sufficient. The ECB requires monthly indicators within 30 to 40 days and quarterly indicators within around 60 days of the end of the reference period.

Eurostat releases euro area aggregates of short-term statistics when a 60% geographic coverage has been achieved, but in most cases the coverage of the first estimates is higher. For many indicators covered in the Regulation, however, euro area aggregates are not yet available or are only available with long delays owing to insufficient country coverage. In particular, no reliable new order statistics for industry and construction are currently available. Under the EMU Action

Plan, they should be available (with a coverage of at least 80% of the euro area) by end-2002.

Initial monthly estimates of *industrial production* for the euro area are currently released after more than 50 days, with a high country coverage of generally more than 90%. The timeliness of the *retail trade turnover* results has improved in recent months; data are now available after around 65 days. At present, however, the country coverage of the first release of euro area figures on retail trade turnover is restricted to around 75% of the euro area (with data missing for Greece, France, Luxembourg, Austria and Portugal). The timeliness and coverage of other indicators, such as *sectoral employment* or *construction indicators,* is worse. Improvements are also necessary with regard to the harmonisation of the underlying national data. In this respect, more precise definitions of the indicators and of the main industrial groupings (intermediate, capital and consumer goods) have recently been agreed.

Although some progress has been made in particular for industrial production and retail trade data, the situation is not satisfactory for many other short-term indicators. Improvements are expected by end-2001 or end-2002, partly as a result of the EMU Action Plan. The full results from the Regulation concerning short-term statistics, however, will only become available in 2003. This is also the expected date for new quarterly indicators for the services sector (turnover and employment for the different market activities), which will provide the first quantitative short-term statistics for the euro area in this field.

Opinion surveys

Monthly opinion surveys are carried out on behalf of the European Commission (DG ECFIN) in manufacturing, the construction sector and the retail trade as well as among consumers. Survey results are available for all EU countries. The data are collected by national institutions on the basis of harmonised questionnaires. First results for the euro area are published by the Commission as early as two working days after the reference month. Final results, which usually include only minor revisions, are released around 18 days later. Since February 2001, results of a survey in the services sector have been released. Although the initial publication programme for the services sector is limited, more details (for service branches, and for individual questions) are expected to become available in the course of 2001.

In addition, the Purchasing Managers' Index (PMI) is a composite indicator compiled by NTC Research on behalf of Reuters and provides timely indications for the manufacturing sector; the data are released on the first working day after the end of the reference month. The euro area data are currently based on data for Germany, Greece, Spain, France, Ireland, Italy and Austria, which – together – represent around 85% of euro area GDP. NTC Research also conducts a survey of purchasing managers in the services sector.

The timeliness and coverage of opinion survey data for the euro area are generally satisfactory. For the European Commission surveys of the industrial and household sectors, the data extend back to 1985, which makes an analysis of their relationship with quantitative data possible, thereby allowing the inference of probable short-term developments in activity.

Labour market data

Labour market data are of crucial importance in the monitoring of developments in the conjunctural situation and in assessing structural changes in the euro area. For this purpose, data on employment, unemployment, vacancies and labour market participation are required.

Harmonised quarterly data on euro area *employment* are not yet available from Eurostat. At present, not all Member States report the data required by the ESA 95. The ECB currently estimates quarterly euro area employment aggregates from national accounts data provided by eight euro area countries which cover over 90% of the euro area. The aggregates first become available approximately 100 days after the end of the quarter in question. Under the EMU Action Plan, data should be available after 70 days. Coverage of around 80% of the euro area within this time limit, however, will not be achieved before 2002. In addition, the *opinion surveys* published by the European Commission (DG ECFIN) provide indications of employers' and households' expectations concerning employment.

The second potential source of harmonised employment information is the continuous Labour Force Survey (LFS) in the Community. Several Member States are due to release first quarterly results in 2001 and 2002. However, quarterly data for Germany and Austria (accounting for one third of the euro area labour force) will remain unavailable for some time to come. Austrian and German data are not expected before 2003 and 2005 respectively. Full implementation of the LFS, providing quarterly euro area results is therefore a distant prospect.

Eurostat releases monthly data on *unemployment* around 35 days after the end of the month in question. Data harmonisation is improving as Member States gradually implement the Regulation on labour force sample surveys and the Community's operational definition of unemployment.

To complete the analysis of the labour market, other complementary indicators are also important. These include conjunctural data on *vacancies, flow measures of unemployment, employment and inactivity* and a set of other data in order to judge longer-term developments such as the *duration of unemployment, underemployment, overtime,* etc. Although preparations have begun to define these

indicators and collect data, in most cases results at the euro area level cannot be expected in the near future.

Much progress on labour market statistics is needed in terms of availability, harmonisation and, in most cases, timeliness. An important source of euro area data, the continuous LFS, will not be available in the near future.

External trade

Detailed monthly data on external trade for the euro area are compiled by Eurostat, but with rather long delays. Results based on common standards are available for values, volumes and unit value indices, with breakdowns by product and geographic area. European trade statistics refer to trade in goods.

The legally required deadline for data relating to the total value of trade with non-EU countries is six weeks; it is eight weeks for trade between EU countries broken down by partner country, and ten weeks for the complete set. The EMU Action Plan focused on improving the timeliness of euro area main aggregates, defined as euro area trade with the rest of the world broken down into nine product groups. Member States are required to produce estimates for trade aggregates within 40 days of the reporting month. They are also required to respect the transmission deadlines for forwarding national data to Eurostat, as set out in the EC Regulations. Important progress has already been made by Germany, Greece and Spain, allowing Eurostat to release provisional extra-euro area trade data after 50 days, rather than 55. Coverage of 80% of the euro area should be achieved after 40 days by the end of 2001, following further improvements in timeliness by Greece, Italy and the Netherlands.

Bilateral national trade statistics reveal inconsistencies between exports and imports. Statistics on extra-euro area trade may also be inaccurate, particularly with respect to trade flows between the euro area and

Denmark, Sweden and the United Kingdom. Work by Eurostat and others to identify and eliminate these discrepancies is therefore both welcome and essential.

The following overview summarises the main improvements for each area of general economic statistics needed to improve current provision as outlined in this section.

Table

Overview of the main improvements required by the ECB in euro area general economic statistics [1]

Subject	Main required improvement
Prices and costs	
HICP	Further harmonisation and development (e.g. quality adjustment, owner-occupied housing)
Producer, trade and other prices	Improved harmonisation (e.g. taxes) for producer prices, establishment of harmonised data on import/export prices
Labour costs	Improved harmonisation (e.g. coverage) and timeliness
Output and demand	
Quarterly national accounts	Supply of data according to the Regulation; improved timeliness; establishment of hours worked data and a limited set of accounts for institutional sectors
Short-term statistics	Supply of data according to the Regulation; improved country coverage and timeliness for most indicators
Opinion surveys	Further development of the EU survey in the services sector
Labour market data	Establishment of quarterly euro area employment data following ESA 95 definitions; implementation of the continuous Labour Force Survey
External trade	Improved timeliness of euro area main aggregates

1)   For a complete overview, see "Statistical requirements of the ECB in the field of general economic statistics", August 2000.

4   Overall assessment

Comprehensive and reliable general economic statistics released at sufficiently high frequency and in a timely manner are essential for the conduct of monetary policy and, more broadly, for that of economic policy. Although the basis for euro area statistics was established in several important areas before the start of Monetary Union, significant shortcomings in the provision of euro area statistics remain. They concern, in particular, the availability and timeliness of euro area aggregates in important areas such as the national accounts, short-term statistics and labour market statistics. Further work is therefore needed to meet policy requirements in EMU. The EMU Action Plan and the national action plans mark a significant step towards improvement. The EMU Action Plan highlights the most pressing needs with regard to general economic statistics (and public finance statistics) and defines specific targets for each area of statistics and for individual Member States. The ECB welcomes efforts to meet these targets, supported, where necessary, by Community legislation, which will help to satisfy the most urgent needs.