

Integrated European Social Statistics: Regulation 577/1998 on the organisation of a labour force sample survey in the Community

This briefing is one of a series of 'Implementation Appraisals', produced by the European Parliamentary Research Service (EPRS), on the operation of existing EU legislation in practice. Each such briefing focuses on a specific EU law which is, or will shortly be, subject to an amending proposal from the European Commission, intended to update the current text. 'Implementation Appraisals' aim to provide a succinct overview of material publicly available on the implementation, application and effectiveness of an EU law to date - drawing on available inputs from, inter alia, the EU institutions and advisory committees, national parliaments, and relevant external consultation and outreach exercises. They are provided to assist parliamentary committees in their consideration of the new Commission proposal, once tabled.

Main instrument: Council Regulation 577/1998 on the organisation of a labour force sample survey in the Community
EP committee responsible at time of adoption of the EU legislation: Committee on Employment and Social Affairs (EMPL)
Date of adoption of original legislation in plenary: 9 March 1998
Entry into force of the regulation: 15 March 1998 (Article 10); successive amendments via Regulations 1991/2002 (entry into force 10 November 2002), 2257/2003 (entry into force 12 January 2004), 1372/2007 (entry into force 23 December 2007), 596/2009 (entry into force 7 August 2009), and 545/2014 (entry into force 18 June 2014).
Date foreseen for review of legislation: No specific review clause. Article 7 includes a requirement for a report on the implementation of the Regulation to be submitted by the Commission to the Parliament and the Council every three years, starting from 2000.
Timeline for new amending legislation: The Commission's Inception Impact Assessment and the Public Consultation Paper of July 2015 indicate that the work on the Impact Assessment will start soon and possibly reach well into [...] 2016.' The Impact Assessment steering group met for the first time on 9 July 2015. Consultation of stakeholders is ongoing, in particular open public consultation (from 23 July to 15 November 2015). Whereas the Inception Impact Assessment does not include a timetable, the 2015 CWP ¹ foresees the adoption of the legislative proposal for the 1st quarter of 2016. ²

1. Background

This implementation appraisal focuses on [Regulation 577/1998](#) on the organisation of a **labour force sample survey** in the Community. It follows the European Commission's intention to integrate European statistics on persons and

¹ See June 2015 update of the [List of planned Commission initiatives](#), 11 June 2015, p. 35.

² See also the [Eurostat paper from the May 2014 Workshop on Labour Force Survey methodology](#), which includes a timetable: the adoption of the Commission proposal in mid-2016, followed by discussions in the Parliament and the Council from mid-2016 to end 2018 and the adoption of the framework regulation and the implementing provisions in 2019. The paper states that the discussion in the Parliament and the Council is 'likely to be a long process'. This is echoed elsewhere, see e.g. a [UK report on the Review of the Balance of Competences between the United Kingdom and the European Union: Voting, Consular and Statistics](#) (2014) which states that 'lengthy discussions are expected at the Council and in the European Parliament so it is unlikely that the Regulation will be in place before 2018'.

households (social statistics) as announced in the [2016](#) and [2015](#) Commission Work Programmes.³ This initiative is frequently referred to as the Integrated European Social Statistics (IESS). The Commission intends to integrate seven existing social surveys / data sets⁴ by means of a framework regulation⁵. The **seven social statistics surveys**/data sets are:

- The Labour Force Survey (LFS)
- The Statistics on Income and Living Conditions (EU-SILC)
- The Adult Education Survey (AES)
- The European Health Interview Survey (EHIS)
- The Survey on ICT Usage in Households (ICT HH)
- The Household Budget Survey (HBS)
- The Harmonised European Time Use Survey (HETUS).

1.1. About Labour Force Survey (LFS)

The Labour Force Survey (LFS) is the largest European household sample survey, and covers a sample of around 1.8 million people every quarter. It is the most important source of official statistics on labour markets in the EU providing quarterly and annual results on employment and unemployment, as well as on people outside the labour force. Several key EU policy initiatives rely on LFS data to monitor progress, most notably one of the [Europe 2020](#) headline targets.⁶

The LFS collects more than 100 variables on labour status (employed, unemployed or economically inactive), employment characteristics, working time, educational background and training on individuals. Additionally, it conducts thematic yearly ad-hoc modules. These are secondary variables that are collected every four or five years. They are meant to enable the investigation of areas of specific policy interest in more detail over a period of time without making the main part of the survey more burdensome. So far, twenty ad-hoc modules have been conducted or are planned (see box below).

LFS ad-hoc modules include: Accidents at work and occupational diseases (1999), Transition from school to working life (2000), Length and patterns of working time (2001), Employment of disabled people (2002), Lifelong learning (2003), Work organisation and working time arrangements (2004), **Reconciliation between work and family life (2005)**, Transition from work into retirement (2006), Work related accidents, health problems and hazardous exposure (2007), Labour market situation of migrants (2008), Entry of young people into the labour market (2009), **Reconciliation between work and family life (2010)**, Employment of disabled people (2011), Transition from work into retirement (2012), Accidents at work and other work-related health problems (2013), Labour market situation of migrants and their immediate descendants (2014), Work organisation and working time arrangements (2015), Young people on the labour market (2016), Self-employment (2017), **Reconciliation between work and family life (2018)**.⁷

³ [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Commission Work Programme 2016: No time for business as usual: Annex 2: REFIT Initiatives](#), COM(2015) 610 final, 27 October 2015, p. 5, point 26; and [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Commission Work Programme 2015: A New Start: Annex III: REFIT Actions](#), COM(2014) 910 final, 16 December 2014, p. 6, point 23.

⁴ The seven social surveys/data sets are: The Labour Force Survey (LFS), the Statistics on Income and Living Conditions (EU-SILC), the Adult Education Survey (AES), the European Health Interview Survey (EHIS), the Survey on ICT Usage in Households (ICT HH), the Household Budget Survey (HBS), and the Harmonised European Time Use Survey (HETUS). Five of the above seven surveys/data sets have a legal basis (LFS, EU-SILC, AES, EHIS, ICT HH) while the last two (HBS and HETUS) are implemented on the basis of informal agreements.

⁵ See [Inception Impact Assessment on the Framework Regulation for the Production of European Statistics on Persons and Households](#), July 2015.

⁶ Europe 2020 Headline Target on Employment: 'The employment rate of the population aged 20-64 should increase from the current 69% to at least 75%, including through the greater involvement of women, older workers and the better integration of migrants in the work force'.

⁷ Observe the repeating nature of ad-hoc modules (one example of reoccurrence given above in bold font) enabling the identification of trends on a particular issue over time.

Currently, 33 countries participate in the LFS: the 28 EU Member States (MSs), three EFTA countries (Iceland, Norway and Switzerland) and two candidate countries (the Former Yugoslav Republic of Macedonia and Turkey).

LFS divides the resident population of working age into three groups: employed, unemployed and economically inactive. This is done in line with the International Labour Organisation (ILO) guidelines⁸ and [Regulation 1897/2000](#), which provides an operational definition of unemployment⁹. As a result, the LFS enables the comparability of labour force statistics not only among the participating countries, but also in the international context.

Although the LFS dates back to 1973, the main legal act today is the [Council Regulation 577/1998](#) on the organisation of a labour force sample survey in the Community. It covers the survey design and characteristic, methodology and the decision making process, determines the units of the survey (sample of households or of persons), the scope (persons residing in private households, possibility of inclusion of persons residing in collective households) and observation methods (direct interview, possibility of proxy interview, use of administrative records). It further defines the representativeness of the sample, provides a list of regular survey variables and sets the procedure for selection of the ad-hoc variables. The regulation sets the time limit for the MSs to provide results to Eurostat at twelve weeks (for quarterly results - for those MSs that implement a continuous survey) and nine months (for spring annual results - for those MSs that implement an annual survey in the spring).

This frequency of the survey appears to have been a contentious issue in the years following the adoption of the regulation. Namely, Article 1 of the regulation specifies that the survey should be conducted on a continuous basis and should provide both quarterly and annual results. However, it allows 'those Member States [...] not in a position to implement a continuous survey [to] carry out an annual survey only, to take place in the spring'. This wording incurred neither an obligation nor an incentive for the MSs to conduct a continuous survey. As a result, only ten MSs conducted a continuous survey at the time of the first Commission report in 2001. The first report from the Commission notes that this situation 'is being exploited by those for whom this presents both a technical and political problem.'¹⁰ It further states that the efforts of those MSs who conduct continuous surveys are being 'unacceptably devalued'¹¹ by those MSs that do not. The report calls for an amendment to the regulation to make the continuous survey an obligation. This was done in 2002 via [Regulation 1991/2002](#) which puts a time limit on the adoption of the continuous survey and requires all MSs to implement continuous survey by the end of 2002. Italy and Germany received derogations extending this period to the end of 2003 and 2004 respectively.

The basic regulation also places an obligation on the Commission to report on the implementation of the regulation to the Parliament and the Council every three years, beginning in the year 2000, in particular to evaluate 'the quality of the statistical methods envisaged by the [MSs] to improve the results of to lighten the survey procedures' (Article 7).

Further amending regulations covered different aspects of the LFS. [Regulation 2257/2003](#) introduced six new variables and allowed for some variables to be surveyed on an annual basis only and not quarterly (so-called structural variables); [Regulation 1372/2007](#) changed the status of income variable from optional to mandatory; [Regulation 596/2009](#) specified the organisation of the ad-hoc modules while [Regulation 545/2014](#) aligned the powers conferred upon the Commission to the new legal framework, empowering the Commission to adopt delegated and implementing acts to adjust the list of survey variables, structural variables, as well as ad-hoc modules (the Commission is called upon to establish a programme of ad hoc modules covering three years, see e.g. [Commission Delegated Regulation 1397/2014](#)).¹²

⁸ Resolution of the [13th International Conference of Labour Statisticians](#) adopted by the 13th International Conference of Labour Statisticians, ILO 1982, p.71.

⁹ Unemployment requires three criteria to be fulfilled simultaneously: not having worked even for one hour in the reference week, being available for work, and actively searching work. See a detailed definition in Annex I of the [Regulation 1897/2000](#).

¹⁰ [COM\(2000\) 895 final](#), 05 January 2001, p.3.

¹¹ *Ibid*, p. 11.

¹² Further legislation on LFS can be found on the [Eurostat website](#) (see under: Implementation regulations of the core survey; Regulations on ad-hoc modules and their topics; Regulations on ad-hoc modules - ad hoc modules description).

1.2. Broader context: the European Commission's initiative on Integrated European Social Statistics (IESS)

Before proceeding to the actual initiative of the European Commission to integrate European social statistics, it is necessary to mention several important developments which occurred in the past few years and which have affected the European statistical environment in general and European social statistics in particular. These developments appear to provide the impetus for the European Commission's intention to integrate social statistics. They could be divided into three groups: (1) the changing demand for statistics (demand for integrated, cross-domain data), (2) the changing statistical production model (integrated, cross-domain and multi-source statistical production enabled by the advances in ICT technologies) and (3) the decreasing statistical resources.

The Commission intends to put forward a proposal for a framework regulation for the production of European statistics on persons and households. This initiative is often referred to as the Integrated European Social Statistics (IESS). The Commission included the IESS initiative in the [2016](#)¹³ and [2015](#)¹⁴ Commission Work Programmes (CWPs). In the 2015 CWP, integrating social statistics is a stand-alone initiative under REFIT Actions. The aim of the proposal is the '[c]onsolidation and integration of statistical legislation on the production of European statistics relating to persons and households. The objective is to make best possible use of the information provided by private households and individuals to meet current and future needs for European statistics while keeping the response burden at the present level.'¹⁵ The 2016 CWP places the IESS under a broader umbrella of 'Statistical Package' that includes the integration of social statistics, the integration of business statistics and the framework regulation on agricultural statistics.¹⁶

The Roadmap for IESS was published in June 2015 and was subsequently adapted to become the [Inception Impact Assessment](#) (IIA).¹⁷ The Commission also initiated an [open public consultation](#) in order to collect the views of users on social statistics to better match the production system and the statistics produced with their needs. The consultation period runs from 23 July to 15 November 2015. Starting in 2013, the Commission has also conducted a series of consultations with the producers of social statistics, namely the Directors of Social Statistics (DSS) of the National Statistical Institutes (NSIs).

As can be seen in the 2016 CWP Statistical Package initiative, the Commission's IESS initiative appears to be a part of a broader effort to update existing statistical legislative frameworks in several fields. This is observed in several other documents: the [June update of 2015 CWP](#)¹⁸, the [REFIT State of Play and Outlook](#)¹⁹, several Eurostat papers²⁰ and open public consultations. Each of these documents points to several initiatives on the integration of EU statistics in different fields. At the time of writing this paper, for example, several public consultations²¹ related to the integration of EU statistics are ongoing: integration of social statistics (IESS), integration of business statistics (FRIBS), and the strategy for agricultural statistics 2020 and beyond.

The Commission's [Inception Impact Assessment](#) points to two main problems in the current set up of the EU social statistics.

¹³ [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Commission Work Programme 2016: No time for business as usual: Annex 2: REFIT Initiatives](#), COM(2015) 610 final, 27 October 2015, p. 5, point 26.

¹⁴ [Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions: Commission Work Programme 2015: A New Start: Annex III: REFIT Actions](#) COM(2014) 910 final, 16 December 2014, p. 6, point 23.

¹⁵ Ibid.

¹⁶ See footnote 13.

¹⁷ Dated July 2015, available online from September 2015.

¹⁸ On this, see the [List of planned Commission initiatives](#), 11 June 2015, p. 34-35.

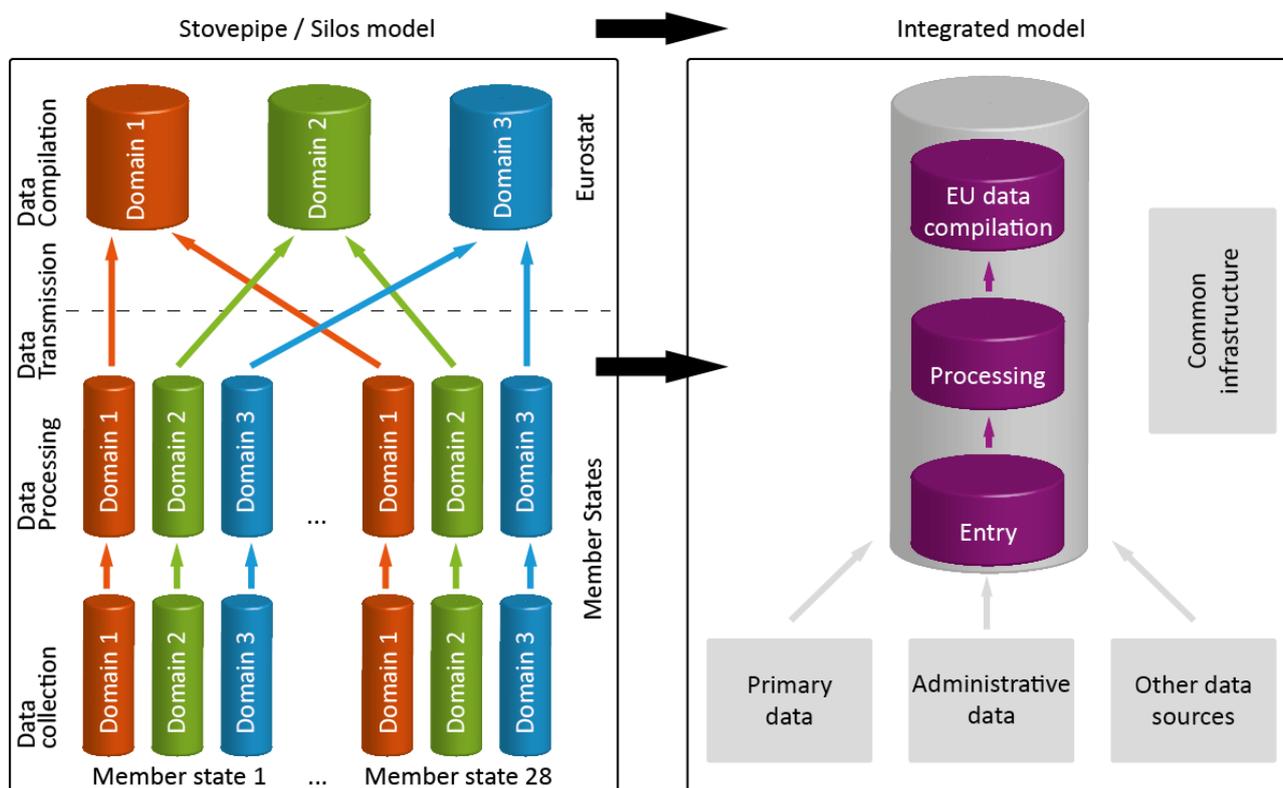
¹⁹ [Commission Staff Working Document: 'Regulatory Fitness and Performance Programme \(REFIT\): State of Play and Outlook: Accompanying the document Better Regulation for Better results - An EU Agenda \(COM\(2015\) 215 final\)](#), 19 May 2015, p. 35-42.

²⁰ On this, see the [Eurostat paper](#) (p. 4) responding to the [ESGAB Annual Report](#) (p. 20) on the issue of implementation of the legal architecture. The paper mentions discussions to this effect with ESS stakeholders on four different framework regulations: on integrating business statistics, social statistics, population statistics and administratively-based statistics and accounts (both documents last accessed 3 November 2015).

²¹ On this, see the Commission web page on Open Consultations at http://ec.europa.eu/yourvoice/consultations/index_en.htm (last accessed 3 November 2015).

The first one is a discrepancy between the increasingly integrated statistics production model on the one hand and the 'fragmented, un-harmonised, domain-specific'²² legislation on the other hand. Modern statistical production comprises multi-source and cross-domain data integration, common infrastructure and other related processes and tools (see the 'integrated model' in the Statistical production model graph below)²³. The current legal fragmentation is seen as standing in the way of the modern integrated system of statistical production: 'Legal fragmentation makes the adoption of common legal provisions for several domains complicated and uncertain, and thereby reduces the system's capacity to adapt to modern, increasingly integrated multi-source production environments.'²⁴ As an example, an integrated production model requires standardised variables. However, under the current legislative set-up, the standardisation of one variable would require amending all regulations concerned separately. The Commission therefore proposes one framework regulation that would replace the current set of separate regulations for each of the above mentioned surveys/datasets.

Statistical production model



Source: The European Commission (COM(2009) 404 final), 2009 with minor adaptations by the authors, graph created by Giulio Sabbati, DG EPRS

The second problem identified by the Commission is the fact that current social statistics regulations generally specify both programme aspects (statistical outputs) and the technical implementation aspects (production methods). The Commission holds that this 'indiscriminate mixture of programming (policy) and implementation (technicalities)' is not conducive to optimum decision making given that it often refers very technical matters to the co-legislators. By doing so, it 'divert[s] their attention away from the essential task to balance European information requirements against cost and response burden.' The Commission thus proposes an integrated, multi-tier regulatory framework (see the Social statistics legislation graph below) whereby strategic decisions would remain within the remit of the co-legislators. They would 'focus on policy-relevant decisions at the level of programming (*what* statistics are to be produced in order to shape the policy agenda of the EU and to assess progress)', while the technical implementation aspects (*how* will this statistics be produced) would be left to the European Statistical System to the extent possible.²⁵ This multi-layered regulatory framework (one framework regulation and implementing and delegated acts) would be

²² The Commission's [Inception Impact Assessment](#), p. 1.

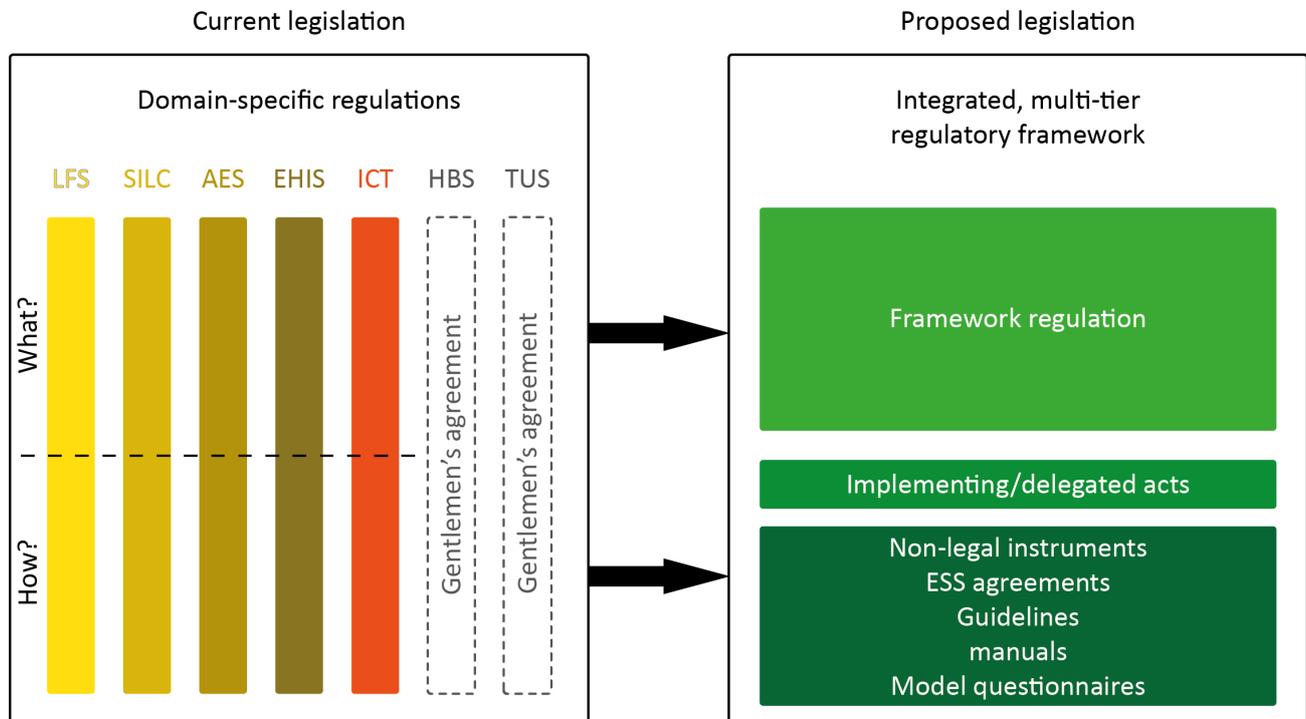
²³ See footnote 12, in particular pages 2 to 4 which cover the changing statistical production models.

²⁴ The Commission's [Inception Impact Assessment](#), p. 2.

²⁵ Ibid.

further complemented by non-regulatory instruments (ESS agreements, guidelines, manuals, and model questionnaires). Such a system would arguably allow for increased flexibility and easier adaptation of the system to challenges emerging during the process.

Social Statistics Legislation



Source: Authors' elaboration of the Commission's Inception Impact Assessment, graph created by Giulio Sabbati, DG EPRS

The Commission's initiative follows earlier documents, most notably [The Commission's Communication on the production method of EU statistics: a vision for the next decade](#) from 2009 and the [ESS Vision 2020](#) from 2014. The former one stipulates that the future legislation should be mainly output-oriented and that most of the technical aspects would not be included in the basic legislation but would be dealt with in the implementing legislation. The new legislation should be 'formulated in such a way as to enable and to promote the emerging architecture of interdependent production systems drawing upon multiple sources'.²⁶ The latter document states that '[t]he acquis communautaire for statistics [...] needs to be reviewed within the context of the ESS Vision 2020 and potential necessary amendments'.²⁷

Moving away from the legislative issues related to the integration of social statistics, it is important to note that the NSIs appear to support the initiative for integrating social statistics in principle and that the integration of social statistics is already taking place in several MSs.²⁸

It appears that the concerns of the NSIs relate mostly to methodological and operational challenges related to the implementation of such a complex project at the EU level and not to any principled disagreement about the course of

²⁶ [Communication from the Commission to the European Parliament and the Council on the production method of EU statistics: a vision for the next decade](#), COM(2009) 404 final, 10 August 2009, p. 13.

²⁷ [The European Statistical System Vision 2020](#), adopted by the European Statistical System Committee (ESSC) in May 2014, p. 12.

²⁸ On this, see e.g. the experience of the Statistics Netherlands in Van Nunspeet, W., Cuppen, M., and van der Laan, P. (2011). [Redesigning Dutch social surveys: Efficiency and mixed mode](#), p. 7 (last accessed 3 November 2015). The paper concludes that 'moving away from single-purpose, stand-alone social surveys and introducing topical modules in an integrated design of household surveys, based on mixed-mode data collection and an optimal use of administrative data, can make social statistics richer, more cost-efficient and more useful as a tool to answer policy needs.'

action as such.²⁹ The [Inception Impact Assessment](#) states that the MSs support the initiative in principle 'but insist on procedures where [they] retain sufficient control over the impact on administrative costs in their country'.³⁰ The [draft minutes of the meeting of the Expert Group on the Integration of European social surveys](#) include several other concerns related to the implementation of such a complex project. Some members of the Expert Group call for a more cautious and gradual approach, focussing on the first steps in the process of integration rather than on the overall goal.³¹

Earlier conclusions of the expert group point to similar concerns. They call for 'clearer information on the potential gains (e.g. in efficiency) and the possibilities for cost savings [...], as well as on the costs involved in adopting [future integrated production architecture]'.³²

The above few paragraphs briefly outlined the perspective of the producers of statistics. These will be complemented by the results of the ongoing public consultation aimed at bringing about more clarity on the perspectives of the users of statistics as well as of the respondents.

2. EU-level reports, evaluations and studies

This section outlines the main findings of the reports on the implementation of the LFS legislation.

European Commission reports on the implementation of LFS:

[Regulation 577/1998](#) (Article 7) calls for the Commission to submit to the Parliament and the Council a report every three years, starting in 2000. The report is meant to 'evaluate in particular the quality of the statistical methods envisaged by the Member States to improve the results or to lighten the survey procedures'. Five such reports have been issued to date; their main findings are summarised below with more attention given to the more recent ones. The latest report available was issued in November 2012; the new report can be expected shortly according to the reporting rhythm foreseen in the regulation.

- [The first report](#) (January 2001)³³ covering the period from 1998 to 1999
This is the first in a series of three-yearly reports. It notes several problems in the implementation of the regulation, such as failure of four MSs to take part in the 1999 survey and the fact that three MSs would not take part in the 2000 survey. It also notes the problematic transition in several MSs to a continuous survey (the original regulation did not impose an obligation for MSs to move to a continuous survey - this report calls for an amendment to the regulation to introduce a time limit for all MSs to move to a continuous survey). Furthermore, it notes the late submission of survey results to Eurostat by several MSs and non-implementation or partial implementation of agreed ad-hoc modules in several MSs.

²⁹ On this, see the [Draft minutes of the meeting of the Expert Group on the Integration of European social surveys](#) held in Luxembourg on 22 and 23 January 2015, in particular members' comments on the integration project as such and ideas for methodological improvements, p. 9-11.

³⁰ The Commission's [Inception Impact Assessment](#), p. 4.

³¹ On this, see the [draft minutes of the meeting of the Expert Group on the Integration of European social surveys](#) held in Luxembourg on 22 and 23 January 2015, p. 9-10 (last accessed 3 November 2015). For example, the DESTATIS (Federal Statistical Office, DE) member calls for a focus on harmonisation and standardisation as the key aspect of the process. Statistics Austria similarly calls for focusing on the first steps 'as long term objectives can change.' The ONS (Office for National Statistics, UK) member points to many changes that will be required in statistical production and cautions that 'we must know well the implications, [...] risks, [...] gains in practical terms.' Statistics Sweden similarly calls for a practical approach and stresses the importance of the transitional period - how the system will function during the process of integration. Similar concern for the need to a guaranteed data supply during the process of survey integration is expressed by the DG EMPL, see [Inception Impact Assessment](#), p. 5.

³² [Final conclusions of the third meeting of the Expert Group on the Integration of the European social surveys](#), Luxembourg, 7-8 February 2013, p. 3 (last accessed 3 November 2015).

³³ [COM\(2000\) 895 final](#), 05 January 2001.

- [The second report](#) (December 2003)³⁴ covering the period from 2000 to 2002
The findings of the second report show good progress in a number of important areas. The report notes progress towards a continuous survey following the adoption of amending Regulation 1991/2002 which requires all MSs to implement a continuous survey by the end of 2002 (Italy and Germany received derogations extending this period to the end of 2003 and 2004 respectively). It further observes improvements in the timeliness of the quarterly data as most MSs submitted data within a 12 week transmission period. This in turn improves the usefulness of the quarterly results. The report notices changes brought by [Regulation 1897/2000](#) which provides a uniform definition of unemployment and twelve principles for the formulation of the questions on the labour status, aiming to ensure that issues of labour status are measured in the same way in all participating countries. On a negative side, the report observes that most MSs fail to provide all mandatory variables, thus restricting the comparability of data.
- [The third report](#) (January 2007)³⁵ covering the period from 2003 to 2005
The findings of the third report show considerable progress in several areas. Countries have started implementing a continuous survey (with only a few exceptions), timely submission of data has further improved and several members have revised and improved their questionnaires and survey design, thus enabling greater comparability of data. On the other hand, the report notes that not all mandatory variables are being transmitted by members yet, and that the issues of labour status are still not measured in a uniform way. Also, some MSs failed to implement the definition of unemployment and the twelve principles for formulating questions on labour status.
- [The fourth report](#) (February 2010)³⁶ covering the period from 2006 to 2007
The report notes good progress in the implementation of labour force legislation. It notes that the quality of labour force surveys has been improved in terms of relevance, accuracy, geographical comparability and timeliness. All MSs implement a continuous survey. Several countries revised their questionnaires in line with the Regulation 1897/2000, thus increasing cross-country comparability. The report expects positive future developments in the implementation of LFS legislation in view of the recommendations of the Task Force on the Quality of the Labour Force Survey (see 'other relevant reports' below). On the other hand, the report observes several shortcomings in the full implementation of LFS legislation, notably the lack of full compliance with the definition of unemployment or with the twelve principles in the formulation of survey questions on labour status. This reduces geographical comparability of data. In a similar vein, geographical comparability is negatively influenced by the different concepts and practices (e.g. differences in the concept of resident population or different national practices in place for collective households). Finally, the report expresses regret considering the fact that the LFS release calendar could not be introduced because first data transmissions were sometimes not of a sufficient quality, which resulted in several revisions and had a negative impact on the timeliness of data dissemination.
- [The fifth report](#) (November 2012)³⁷ covering the period from 2008 to 2010
The report considers the implementation of LFS legislation to be satisfactory with MSs fully or almost fully complying with the legislation. It notes that the overall quality of LFS is good and that remaining open issues are discussed with MSs followed by jointly defined action plans when needed. The report notes that the LFS is of high relevance in the EU policy making process and that it fulfils the accuracy requirements. The report further notes consistent improvement in the timeliness of data which made it possible for the Eurostat to publish an LFS release calendar (announcing dates of publication of its main quarterly indicators for MSs and the EU aggregates) and to consistently meet its announced publications' date deadlines. The report also observes that concepts, definitions, classifications and methodologies of LFS are harmonised to a high degree. Furthermore, LFS statistics are comparable not only in the EU but in the international context as well (especially those of other OECD members) given that the definition of unemployment is consistent with ILO standards. The report notes that LFS is an important source of information on employment and unemployment despite the frequent discrepancies with national registers' data. The report notes that the two have conceptual and methodological differences and that the latter one is not comparable across countries nor over time given that it depends on national social

³⁴ [COM\(2003\) 760 final](#), 09 December 2003.

³⁵ [COM\(2007\) 10 final](#), 17 January 2007.

³⁶ [COM\(2010\) 46 final](#), 09 February 2010.

³⁷ [COM\(2012\) 701 final](#), 28 November 2012.

policies. Similarly, the employment estimates, provided both through the LFS and from national accounts differ to a degree, again, due to different methodology and compilation processes. The report notes that LFS appears to be more suitable for measuring participation in the labour market and for gaining better insight into the labour status of specific socio-economic groups while national accounts appear to be more suitable for measuring employment levels, employment growth and industry breakdown. Finally, the report notes several initiatives for improving LFS, namely recommendations made by the Task force on the LFS quality (see below), development of new statistical products (e.g. NEET - a new indicator on young people who are neither in employment nor in education/training) and the modernisation of the social statistics system and its impact on the LFS.

Other relevant reports

- [The Final Report of the Task force on the quality of the Labour Force Survey](#) (2009)

This 2009 report by the Task force on the quality of the LFS³⁸ provides a detailed review of the quality of the LFS, in particular estimates of employment and unemployment as the most relevant estimates derived from the LFS; it detects the main weaknesses of LFS and puts forward recommendations for improvements. The quality was checked against the following criteria: accuracy, coherence, comparability, relevance, timeliness/punctuality and accessibility/clarity with the emphasis on the first three. The report presents the different views on the main quality concerns between MSs, main institutional users and Eurostat. It makes a wide range of recommendations, forty three in total, covering a broad spectrum of potential improvements. In particular, the report notes the lack of coherence between LFS and national employment accounts as a major concern which can harm the credibility of statistics, given that users are often puzzled by different estimates coming from these two sources. The Task Force recommends the use of reconciliation tables between LFS and national account estimates. It emphasizes the importance of communication to users about the nature of incoherence (conceptual and methodological differences) and the need to provide guidance to users on which source fits which purpose better. The Task Force also recommends further research into a range of potential sources of incoherence between LFS and national estimates of employment (marginal employment, employment in black labour market activities, employment in private households, illegal immigrants, and the influence of non-response and proxy interviews).

- [Rolling review / Labour Force Survey Statistics](#) (2012)

The report is one in a [series of Rolling Review Reports](#) issued by Eurostat as a tool to assess not only the output (statistical data produced) but also the process of compiling data, working structures and data quality. Such reports are issued within [Eurostat's Quality Assurance Framework](#). This report is based on surveys that measure the satisfaction of users of LFS data and of Eurostat's partners in the data collection/production process (mainly NSIs), as well as on Eurostat's self-assessment. The report notes imperfections in the existing legislation, noted by both Eurostat and NSIs, which is seen as complex and ambiguous, difficult to follow in all its details as well as open for some interpretation (e.g. interpretation of precision requirements, measurement of some variables, and delays in data transmission). Further data needs are identified by the data users: labour status of migrants, labour force status transition over time and geographical mobility. Among the ad-hoc modules, the users identified as the most interesting those concerning migrants, work organisation/working time arrangements and reconciliation between work and family life. NSIs emphasized the need for further harmonisation and for the reduction of response burden. The NSIs further identified the production of ad-hoc modules as a resource-consuming exercise while noting that some ad-hoc modules are used less frequently. Eurostat noted as main weaknesses the ambiguous legislation, the management of the ad-hoc modules and the rise in the workload in view of the revision of the LFS legal basis. The report makes a range of recommendations aiming at improvements of survey characteristics (in light of the new user demands), comparability, timeliness and efficiency of the LFS. It also makes a recommendation aiming at strengthening cooperation between Eurostat and NSIs, in particular, strengthening NSIs role in the decision-making process.

- Most recent detailed statistical reports can be found in the [Quality report of the EU LFS 2013](#) (concerning quality at the Eurostat level) and in the [LFS in the EU, candidate and EFTA countries 2014, main characteristics of national surveys](#) (concerning quality of national surveys). The former one provides an

³⁸ The Task Force was set up by the Labour Market Statistics (LAMAS) Working Group in March 2007. It was coordinated by Eurostat and composed of national experts on LFS from nine MSs: FR, DE, EL, IT, NL, PL, PT, ES, UK.

overview of the LFS for the year 2013 along the usual quality components, while the latter one describes the main characteristics of the LFS in all participating countries (technical features of the surveys carried out in participating countries).

3. European parliament position / MEP written questions³⁹

Several questions were raised by the MEPs, mostly with reference to a perceived discrepancy between the estimates of unemployment given by Eurostat and national authorities. They are given below in a reverse chronological order.

[Written question by MEP Ivo Vajgl \(ALDE\) and MEP Marian Harkin \(ALDE\)](#) of 20 July 2015 and [Written question by MEP Marian Harkin \(ALDE\)](#) of 30 June 2015 (the two questions are identical)

The question concerns non-paid labour in view of the a new global standard on the definition of labour as agreed by the ILO, which proposes the inclusion of the measurement criteria of non-paid work in addition to paid work as part of the data gathering process for labour statistics. It asks the Commission to confirm that Eurostat will be instructed to follow this new global guideline and thus gather data for both paid and non-paid work through the LFS.

[Answer given by Ms Thyssen on behalf of the Commission](#) on 18 August 2015

The Commission explains that the LFS follows the ILO standards which were revised most recently in 2013. The Commission clarifies that the aim of the LFS is to measure employment/labour force status and not work in general. It explains the difference in definition between 'work' and 'employment'. It explains that 'work' is a broader concept with five forms of work that are categorized: (1) employment, (2) own use production, (3) unpaid trainee work, (4) volunteer work and (5) other forms of work. It further clarifies that 'employment' is a narrower concept which is specified as any activity to produce goods or provide services for pay or profit, and which excludes own use production of goods. It has also been agreed that the unpaid trainee work, volunteer work and other forms of work should not be part of the core programme of the LFS. However, countries for which own use production work is significant can collect it in their LFS separately from employment on a voluntary basis.

[Written question by MEP Rodi Kratsa-Tsagaropoulou \(PPE\)](#) of 29 January 2014

The question concerns the divergences between estimates of the unemployment rate in the Eurozone and the criteria for calculating it. It refers to a discrepancy between a Bloomberg publication which mentions 31.2 million unemployed in the Eurozone and the much lower Eurostat figure of 19 million. It asks the Commission if it would consider reviewing the criteria for recording unemployment. If the criteria were indeed to be broadened, what are the Commission's estimates of the extent to which the unemployment rate in the Eurozone would be affected?

[Answer given by Mr Šemeta on behalf of the Commission](#) on 24 February 2014

The Commission replies that Eurostat calculates unemployment statistics according to the definitions of the ILO which ensures international comparability. It clarifies that Eurostat estimates for the Euro area for the period in question were 18.8 million persons unemployed according to the ILO definition. In addition, there were 7.1 million persons available to work but not seeking work and 1.6 million persons seeking work but not immediately available. There were also 6.6 million persons underemployed. It compares this with the Bloomberg figures and explains that these were calculated differently and included persons seeking work but not immediately available (same definition as Eurostat's above) plus persons that would like to work but are not seeking employment (broader definition than Eurostat's above, including also persons wanting to work but not available to work). The Commission concludes that the Bloomberg most probably used data publicly available in the Eurostat online database. Finally, the Commission explained that instead of reviewing the definition of unemployment, Eurostat supplements the ILO unemployment indicator with other indicators of persons sharing characteristics of the unemployed but not fulfilling all the criteria of the ILO.

[Written question by MEP Nuno Teixeira \(PPE\)](#) of 12 July 2012

The question concerns discrepancies between figures for unemployment coming from different sources (Eurostat, the OECD, the Member States) and suggests that standardisation of the criteria used would be helpful in getting a clearer picture of the situation. It asks the Commission if it considers it possible to create such standardised European or worldwide criteria. It also asks if such a standardisation would bring about a clearer idea of the real number of unemployed.

³⁹ [E-011549-15](#); [E-010638/2015](#); [P-000880-14](#); [E-007002/2012](#); [E-010357/2011](#); [E-7034/2010](#); [E-7103/2010](#).

[Answer given by Mr Šemeta on behalf of the Commission](#) on 22 August 2012

The Commission answers that the international definition of unemployment already exists both in the international context and in the EU legislation and that the unemployment estimates based on the LFS are based on the same definition across Europe and comply with worldwide standards. It explains the discrepancies between data sources which are attributed to dissemination parameters. It also points to discrepancies in unemployment statistics between Eurostat and the registered unemployment collected through administrative sources in Member States. The latter rely on administrative definitions which differ from one country to another and are therefore not harmonised.

[Written question by MEP Konstantinos Poupakis](#) (PPE) of 15 November 2011

The question concerns the discrepancies between Eurostat and Greek Statistical Authority (ELSTAT) unemployment figures. For July 2011, Eurostat figure is 17.6% and ELSTAT figure is 16.5%. The Commission was asked to comment on the discrepancy and to clarify if similar discrepancies existed in the case of other Member States. Finally, the Commission is asked which measurements are considered more reliable.

[Answer given by Mr Šemeta on behalf of the Commission](#) on 15 December 2011

The Commission explained that both Eurostat and ELSTAT use the same source (LFS) and follow the ILO definition of unemployment. It clarified that the main reason for the discrepancy is that Eurostat presents the seasonally adjusted values, while ELSTAT presents non-seasonally adjusted values. Greece is not the only country doing so, as Eurostat explained; the Spanish Statistical Office also presents the headline unemployment figures in seasonally non-adjusted form. The Commission explains that the seasonal adjustment is a standard practice applied to monthly and quarterly economic data in order to allow a proper infra-annual assessment of business cycle trends (not distorted by recurrent seasonal effects) and valid comparisons across countries. The Commission further explains that some of discrepancy can be attributed to the age classes used - Eurostat includes persons aged 15-74 years, while ELSTAT includes all persons aged 15 years and more. This, however, accounts for only a minor impact of around 0.1 percentage point.

[Written question by MEP Diogo Feio](#) (PPE) of 14 September 2010

The question concerns the differences between the unemployment rates as reported by the Eurostat and by the Portuguese National Institute for Statistics (INE). The Commission is asked if it was aware of the statements by the Portuguese Secretary of State and, if so, what the Commission's position is in this matter.

[Written question by MEP Ilda Figueiredo](#) (GUE/NGL) of 14 September 2010

The question concerns the discrepancies between the unemployment rates as reported by the Eurostat, the Portuguese National Institute for Statistics (INE) and the unemployment records held by Portuguese job centres. It asks the Commission to explain its criteria in this matter. Furthermore, it asks the Commission to specify the measures that are being planned to support the creation of jobs in Portugal.

[Joint answer given by Mr Rehn on behalf of the Commission](#) to the two questions above

The Commission explains that the unemployment rates published by Eurostat and by the INE are both calculated in accordance with the internationally agreed definition of the International Labour Office (ILO). It further explains that these figures differ from the figures of the so-called registered unemployment - the latter is published by national public employment services and reflects administrative rules which differ across countries. The Commission states that both Eurostat and INE base their calculation on the LFS and that differences between the quarterly figures are due only to differences in age classes used ('population older than 15' for INE and 'age group 15-74' for Eurostat).

As to the question on the measures that are being planned to support the creation of jobs, the Commission notes strengthening of framework conditions for investment and innovation and enabling the development of entrepreneurship and the growth of new and existing enterprises. It further notes that removing obstacles to hiring is essential. In this context, the Commission foresees to set out a strategic framework for a new industrial policy and to review the Small Business Act in order to continue to improve the business environment for SMEs and address emerging issues.

4. European Court of Auditors Special reports

There are no specific reports on the Labour Force Survey or on the process of the integration of the European social statistics. However, in 2012, the European Court of Auditors (ECA) issued a [Special Report No 12/2012](#) 'Did the Commission and Eurostat improve the process for producing reliable and credible European statistics?' The audit focused on the adherence to and implementation of the [European Statistics Code of Practice](#)⁴⁰ which provides the standards for developing, producing and disseminating statistics, and on the implementation of the [European statistical programme 2008-2012](#)⁴¹ in relation to the process of producing European statistics. The audit found that the code of practice has only been partially implemented and that full implementation remains a challenge at the European level and within Member States. It further states that the actions taken by the Commission and Eurostat since 2005 were not sufficient to achieve full implementation of the code. On the second point, the audit finds that flaws in the design of the statistical programme 2008-2012 hamper its use as an effective planning, monitoring and accountability tool. In light of the above, the audit puts forward a set of recommendations for strengthening the system of European statistics to ensure professional independence, sufficient resources and strong supervision including sanctions for cases where quality standards are not respected. The audit includes recommendations on the improvements related to the Code of Practice and on the then upcoming European statistical programme 2013-2017.

5. Conclusion

The Labour Force Survey is today the authoritative source of official statistics on labour markets in the EU and other participating countries. Over the years, the National Statistical Institutes and Eurostat have jointly made considerable progress in the implementation of the LFS legislation. New pieces of legislation were adopted to enact these improvements, most notably Regulation 1991/2002 which obliged MSs to conduct a continuous survey and Regulation 1897/2000 providing an operational definition of unemployment and the twelve principles on the formulation of the questions on the labour status. These and other pieces of legislation contributed to increased accuracy, coherence, comparability and relevance of the survey.

The current initiative of the European Commission to integrate seven social surveys, including the LFS, does not appear to stem from the implementation problems of the LFS legislation as such. After all, most of the reports point out that the implementation of the LFS legislation is satisfactory. The real impetus for this initiative appears to lie elsewhere - most notably in the new and emerging ICT technologies (influencing statistical production models) combined with the increased demand for integrated statistical data.

From the data available, it appears that the initiative to integrate European social statistics, as envisaged in general terms by the European Commission, could be beneficial both at the level of the data production and for end users of statistics. It is to be underlined in this context that the detailed drafting of the future rules, in particular as concerns which elements would be in the future framework regulation and which would be dealt with in the implementing and delegated acts, will require particular attention in the future.

To contact the Policy Performance Appraisal Unit, please e-mail: EPRS-PolicyPerformanceAppraisal@ep.europa.eu

Manuscript completed in November 2015. Brussels © European Union, 2015.

The opinions expressed in this document are the sole responsibility of the author(s) and do not represent an official position of the European Parliament. Reproduction and translation of this document for non-commercial purposes are authorized, provided the source is acknowledged and the publisher is given prior notice and sent a copy.

www.europarl.europa.eu/thinktank (Internet) – www.epthinktank.eu (blog) – www.eprs.sso.ep.parl.union.eu (Intranet)

⁴⁰ [Communication from the Commission to the European Parliament and to the Council on the independence, integrity and accountability of the national and Community statistical authorities : Recommendation of the Commission on the independence, integrity and accountability of the national and Community statistical authorities](#), COM(2005) 217 final, 25 May 2005. The Code was revised in 2011, revised code available [here](#).

⁴¹ [Decision 1578/2007 on the Community Statistical Programme 2008 to 2012](#), 11 December 2007, OJ L 344, 28.12.2007, p. 15–43.