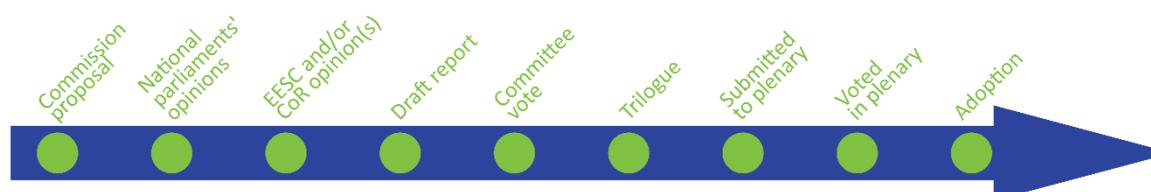


# European business statistics

## OVERVIEW

In the context of the work of reviewing the fitness of current regulations (REFIT), the Commission has decided to amend Regulation (EC) No 184/2005 and repeal 10 legal acts in the field of business statistics. The aim is to reduce the administrative burden for businesses, especially SMEs, and to put an end to legal fragmentation in the field of European business statistics. The Commission is proposing to establish a common legal framework for the development, production and dissemination of European statistics related to business structure, economic activities and performance, as well as on international transactions and research and development activities in the EU economy; and for the European network of national statistical business registers and the EuroGroups Register. The regulation includes provisions covering business registers, the data sources to be used, and the exchange of confidential data for the purpose of intra-Union trade in goods statistics. The final act was signed on 27 November 2019 and published in the Official Journal on 17 December 2019. It will apply from 1 January 2021, with the exception of certain articles, which will apply from 1 January 2022.

<b>Proposal for a regulation of the European Parliament and the Council on European business statistics, amending Regulation (EC) no 184/2005 and repealing 10 legal acts in the field of business statistics)</b>		
<i>Committee responsible:</i>	Industry, Research and Energy (ITRE)	COM(2017) 114 6.3.2017
<i>Rapporteur:</i>	Janusz Lewandowski (EPP, Poland)	2017/0048(COD)
<i>Shadow rapporteurs:</i>	Miapetra Kumpula-Natri (S&D, Finland) Nikolay Barekov (ECR, Bulgaria) Pavel Telička (ALDE, Czechia) Paloma López Bermejo (GUE/NGL, Spain) Davor Škrlec (Greens/EFA, Croatia) Barbara Kappel (ENF, Austria)	Ordinary legislative procedure (COD) (Parliament and Council on equal footing – formerly 'co-decision')
<i>Procedure completed.</i>	Regulation 2019/2152 <a href="#">OJ L 327, 17.12.2019, pp. 1-35.</a>	



## Introduction

[Regulation \(EU\) No 99/2013](#) states that the implementation of Union policies – as reflected in the Treaty on the Functioning of the European Union, [Europe 2020](#) and its respective flagship initiatives, and other policies set out in the Commission's strategic priorities<sup>1</sup> – 'requires high-quality, comparable and reliable statistical information about the economic, social and environmental situation in the Union and its components at national and regional level'. European statistics also 'allow the general public and European citizens to understand, as well as to take part in the democratic process and debate about the present and future of the Union'.

## Existing situation

The legislative framework for the development, production and dissemination of European statistics over a five-year period (2013-2017) is provided by the European Statistical Programme (ESP). European statistics are developed, produced and disseminated under that framework, through cooperation within the [European Statistical System](#) (ESS), the partnership between Eurostat and the national authorities responsible for the development, production and dissemination of European statistics.<sup>2</sup>

The programme distinguishes between three pillars of statistical information, each of which covers a set of primary statistics providing the input for accounting systems (e.g. national accounts or the balance of payments) and the basis for indicators for different policy needs. The pillars are: business; people's Europe; and geospatial, environmental, agricultural and other sectoral statistics.

The ESS is expected to provide high-quality statistical data in these areas, in a timely way, comparable across Member States. However, it is currently facing two challenges: on the one hand, mounting pressure on the human and financial resources available to produce an ever increasing quantity of statistics; and on the other, demands from those providing the data for the administrative burden to be reduced. Furthermore, the system for producing European business statistics is currently fragmented in that it is governed by separate domain-specific regulations. This leads to inconsistencies in the data collected and inefficiencies in their production.

## Preparation of the proposal

The Commission, in its impact assessment, identified as problem drivers the reduced relevance and responsiveness of European business statistics and the legal fragmentation in business statistics and considered three scenarios to address them. The first (no policy change) and second (implement legislative actions limited to certain business statistics domains, including alternative options for the modernisation of [Intrastat](#)) were not followed through. Instead, the Commission chose the third: to modernise business statistics within a single framework, the [Framework Regulation Integrating Business Statistics](#) (FRIBS), by using a mix of measures, including alternative options for modernising Intrastat. It believes that this overhaul has the highest potential for reducing the burden on enterprises and guaranteeing a higher consistency of business statistics.

The proposal is part of the [REFIT programme](#), streamlining 10 regulations into a single regulatory framework and reducing the burden for businesses, especially small and medium-sized enterprises (SMEs). Overall, the [regulation](#) is expected to reduce the overall statistical burden on businesses by at least 13.5 % (for FRIBS as a whole) with potential for an even larger reduction subsequently.

## The changes the proposal would bring

The aim of the [draft regulation](#) on European business statistics (FRIBS),<sup>3</sup> amending Regulation (EC) No 184/2005<sup>4</sup> and repealing 10 legal acts<sup>5</sup> in the field of business statistics, is to provide a common legal framework for the production and compilation of ESS business statistics. This should result in better quality business registers, common definitions to be used in all statistical domains covered, the exchange of identifiable micro-data and an integrated data structure. In addition, the framework

should allow the different business statistics to be linked through harmonised data structures and common data quality standards. The proposed regulation consists of 23 articles and three annexes.

Chapter I (Articles 1-3) comprises the general provisions. The regulation establishes a common legal framework for the development, production and dissemination of European statistics related to business structure, economic activities and performance, and to the international transactions and research and development activities of the Union economy (European business statistics). It also establishes the European network of national statistical business registers and the [EuroGroups Register](#).

European business statistics cover, first, the structure, economic activities and performance of the statistical units, their research and development and innovation activities, their information and communication technology (ICT) usage, e-commerce and global value chains, and, second, the production of manufactured goods<sup>6</sup> and services and the international trade in goods and services.

The European network of statistical business registers covers the national business registers<sup>7</sup> and the EuroGroups Register,<sup>8</sup> and the exchanges between them.

Chapter II (Articles 5-6) concerns the data sources to be used for business statistics and statistical business registers. Member States will produce the statistics and national statistical business registers, using any relevant data sources while avoiding placing an excessive burden on respondents and taking due account of the cost effectiveness of the national statistical authorities (NSAs). The NSAs may use surveys, administrative records (including information from tax and customs authorities), exchanged micro-data, and other relevant sources of information that comply with quality criteria set out later in the regulation, or a combination. Member States not using the above data sources should use 'scientifically based and well documented statistical estimation and imputation methods' to produce the statistics.

The NSAs and Eurostat will have the right to access and use all administrative records,<sup>9</sup> promptly and free of charge, and to integrate those records with other data sources. The tax and customs authorities in each MS will provide NSAs with information<sup>10</sup> related to exports and imports of goods. In addition, the NSAs may in some cases, exchange data received from their customs authorities related to the exports or imports of goods.

Chapter III (Articles 6-7) concerns business statistics, and covers the subject areas covered by European business statistics,<sup>11</sup> the topics covered<sup>12</sup> and the periodicity of each topic,<sup>13</sup> for which the Commission is empowered to adopt implementing measures concerning the technical specifications for the data sets. The Commission will be able to detail the subjects and characteristics of the dynamic topics 'ICT usage and e-commerce', 'Innovation' and 'Global value chains' by delegated acts. The detailed topics may also be amended by delegated act within the limits laid down in safeguard clauses.

Chapter IV (Articles 8-10) covers business registers and establishes the European network of statistical business registers. At national level Member States will set up one or more harmonised national statistical business registers: as a basis for the preparation and coordination of surveys; as a source of information for the statistical analysis of the business population and its demography; for the use of administrative data; and for the identification and construction of statistical units. Eurostat will set up the EuroGroups Register of multinational enterprise groups for statistical purposes at Union level. The Member States and Eurostat will exchange data for the purposes of the European network of statistical business registers. The requirements for the European network of statistical business registers are laid down. Annex III further specifies elements of the European network of statistical business registers (the register's characteristics, unique identifier, time reference and periodicity). The register's characteristics may be further detailed by implementing acts. Lastly, there are provisions regarding the exchange of and access to confidential data for the purpose of the European network of statistical business registers. The Commission is empowered to adopt implementing measures concerning the exchange of confidential data for the purposes of the European network of statistical business registers.

Chapter V (Articles 11-15) contains provisions related to the exchange of confidential data for the purpose of intra-Union trade in goods statistics – i.e. the principle of the data and metadata exchange for these statistics; the statistical information to be exchanged and; the statistical data elements. Any confidential data exchanged is protected and access to exchanged confidential data is allowed for scientific purposes.

Chapter VI (Articles 16-18) covers the quality of data, data and metadata transmission rules, and confidentiality regarding statistical data dissemination on the international trade in goods.

Chapter VII (Articles 19-20) establishes pilot studies in order to assess the relevance and feasibility of carrying out new data collections and making improvements to data sets, and sets out the provisions relative to financial support provided for NSAs by the Union for the development or implementation of data requirements in the field of business statistics, under certain conditions.

In its final chapter (Articles 21-26), the regulation contains provisions concerning the exercise of the delegation according to the Interinstitutional Agreement on Better Law-Making of April 2016, the Committee procedure, cooperation with other Committees, the provisions for derogations that would give more time for adaptation to the new requirements in some Member States. This chapter also includes the amendment of one regulation and the repeal of 10 existing acts replaced by the proposed framework regulation.

## Advisory committees

There is no mandatory consultation of either of the advisory committees on this proposal.

## National parliaments

The [subsidiarity deadline](#) was 19 May 2017. No national parliament submitted a reasoned opinion.

## Legislative process

The **European Central Bank** (ECB) delivered its [opinion](#) on 2 January 2018.

The ECB welcomed the Commission's aim of further improving the consistency, quality and harmonisation of European business statistics. It also supported the measures envisaged to meet the outstanding data requirements, in particular the proposed improvements in terms of the overall availability of information for the service sector in the context of 'short-term statistics'. It proposed to take into account the [recommendation](#) of the European Systemic Risk Board which concerns the closure of real estate data gaps in the construction data required and their breakdown.

In addition, it insisted on the need to ensure close cooperation between the European System of Central Banks (ESCB) and the European Statistical System when defining, amending or updating some of the requirements to be included in the proposed regulation, as well as all other business statistics requirements (e.g. to meet data needs in the field of 'globalisation') that would affect the development of balance of payments and international investment position statistics.

Finally, as regards implementing powers for the purpose of further specifying certain elements of data to be transmitted, the ECB recommended ensuring coherence between the ITS requirements defined in the proposed regulation and those defined in Regulation (EC) No 184/2005.

The **European Parliament's** Industry, Research and Energy (ITRE) committee adopted its report on 21 March 2018. The decision to enter into interinstitutional negotiations was confirmed in plenary on 19 April 2018. Parliament's position would amend the Commission proposal in the following main points:

In article 5(4) (communication of information), it would render the exchange of exports/imports of goods data between Member States obligatory.

In articles 7(3) (technical specifications of data requirements) and 16(6) (quality of transmitted data), it would add that, in the preparation of implementing acts, potential extra costs and administrative burdens must be taken into account, together with an estimate of the projected increase of statistical quality and any other benefit resulting from the additional proposed action.

In article 16(3) it would add that the assessment by Eurostat of the quality of the data and metadata transmitted, should be done in a transparent way.

In article 20 (union financial support), it would add that the EU may provide financial support to cover the cost of (i) developing methodologies that aim to lower the administrative and financial burden of providing the required information by reporting units (in particular SMEs), and (ii) processes or IT-systems which contribute in the production of higher quality statistics or to lower the administrative and financial burden.

In article 21(2), it would note that the power to adopt delegated acts is conferred on the Commission for five years (and not indeterminately). This period may be tacitly extended for periods of an identical duration, unless Parliament or Council oppose it.

In article 27(2), the Regulation would apply one year after its entry into force, while articles 11-15 would apply two years after its entry into force.

Lastly, Parliament would render the two annexes more detailed, adding the requirements for extra data (e.g. earnings per share, return on equity, CO<sub>2</sub> allowances received / sold).

The **Council** published its [mandate for negotiations](#) with the European Parliament on 12 December 2018. The Council text would amend the Commission proposal in the following main points:

In article 3, the scope of business would also encompass research and development statistics in the higher education, government and private non-profit sectors.

In article 7 (new point 2a), when adopting implementing acts, the Commission should ensure that the overall number of variables in each domain does not exceed a specific number. Furthermore, whenever new data are required, the Commission would not be able to change more than a specific number of variables for each specific domain in any period of five consecutive years.

In article 10 (exchange of and access to confidential data for the purpose of the European framework of statistical business registers), Member States and the Commission would have to take appropriate measures to prevent, and impose effective, proportionate and dissuasive actions against, any violations of statistical confidentiality of the exchanged data.

In article 18 (Confidentiality regarding statistical data dissemination on international trade in goods), National Statistical Authorities would decide whether to disseminate statistical results relating to the respective imports or exports only upon request of an importer or exporter of goods; in addition, following a justified request by the said importer or exporter, they would decide on whether to amend the statistical results so as to make it impossible to identify this importer or exporter (so as to comply with the statistical confidentiality principle).

In article 21, the power bestowed on the Commission to adopt delegated acts would not be conferred for an indeterminate period, but for five years from the date of entry into force of the Regulation (and then tacitly extended for periods of an identical duration, except if Parliament or Council oppose it).

Lastly, the Council would not amend Article 1 of Regulation (EC) 184/2005.

During the **trilogue** meeting on 14 March 2019, a full political agreement was reached. The [agreement](#) amends the Commission proposal in the following main points:

In article 3, the scope of business also encompasses research and development statistics in the higher education, government and private non-profit sectors.

In article 5(4) the exchange of exports/imports of goods data between Member States becomes obligatory.

According to article 7 (3), when adopting implementing acts, the Commission must ensure that the overall number of variables in each domain does not exceed a specific number. Furthermore, whenever new data are required, the Commission cannot change more than a specific number of variables for each specific domain in any period of five consecutive years. In paragraph (7), it is added that, in the preparation of those implementing acts, potential extra costs and administrative burdens must be taken into account, together with an estimate of the projected increase of statistical quality and any other benefit resulting from the additional proposed action.

In article 10 (8) Member States and the Commission must take appropriate measures to prevent and impose effective, proportionate and dissuasive on any violations of statistical confidentiality of the exchanged data.

According to (new) article 16 (exchange of confidential data – enabling clause), the exchange of confidential data collected or compiled on the basis of the Regulation must be allowed between the National Statistical Authorities of Member States concerned, the respective national central banks, the European Central Bank and Eurostat for statistical purposes only. Furthermore, in case National Statistical Authorities, a National Central Bank, Eurostat or the European Central Bank have obtained confidential data, they must treat that information confidentially and use it only for statistical purposes.

In article 17 it is added that the assessment by Eurostat of the quality of the data and metadata transmitted, must be done in a transparent and verifiable way.

In article 19, National Statistical Authorities must decide whether to disseminate statistical results relating to the respective imports or exports only upon request of an importer or exporter of goods; in addition, following a justified request by the said importer or exporter, they would decide on

whether to amend the statistical results so as to make it impossible to identify this importer or exporter (so as to comply with the statistical confidentiality principle).

In article 21, it is added that the EU may provide financial support to cover the cost of (i) developing methodologies that aim to lower the administrative and financial burden of providing the required information by reporting units (in particular SMEs) and (ii) processes or IT-systems which contribute in the production of higher quality statistics or to lower the administrative and financial burden.

In article 22, the power to adopt delegated acts is conferred on the Commission for a period of five years and may be tacitly extended for periods of an identical duration, unless Parliament or Council oppose it.

The [text](#) of the agreement was approved in plenary on 16 April 2019. Because of the tight timeline for finalisation before the end of the parliamentary term, a corrigendum procedure was subsequently applied to allow for linguistic corrections to the adopted text. The final act was signed on 27 November 2019 and published in the Official Journal on 17 December 2019, entering into force 20 days later, on 6 January 2020.

The Regulation will apply from 1 January 2021, although Article 5(2), (3) and (4), concerning certain aspects of access to administrative records and provision of information, and Articles 11-15, on the exchange of confidential data for the purpose of intra-Union trade in goods statistics, will apply from 1 January 2022.

## SOURCES

[European business statistics](#), European Parliament, Legislative Observatory (OEL).

## ENDNOTES

- <sup>1</sup> In the [proposal for a regulation](#) amending Regulation (EU) No 99/2013, by extending it to 2018-2020, the Commission adds that a number of urgent statistical gaps need to be addressed 'in order to satisfy the information needs stemming from the Commission's 10 political priorities'. For more information on this proposal see the EPRS [briefing](#) on the subject.
- <sup>2</sup> National statistical institutes (NSIs) and other national authorities (ONAs).
- <sup>3</sup> Given the information needs at European level, the trend with European statistics has been to use regulations rather than directives as the basic acts. A regulation is directly applicable and ensures the comparability of data within the EU for European statistics of high quality.
- <sup>4</sup> Regulation (EC) No 184/2005 of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment, OJ L35, 8.2.2005.
- <sup>5</sup> Those 10 acts are: [Council Regulation \(EEC\) No 3924/91](#) on the establishment of a Community survey of industrial production, [Regulation \(EC\) No 48/2004](#) on the production of annual Community statistics on the steel industry for the reference years 2003-2009, [Regulation \(EC\) No 716/2007](#) on Community statistics on the structure and activity of foreign affiliates, [Regulation \(EC\) No 177/2008](#) establishing a common framework for business registers for statistical purposes and repealing Council Regulation (EEC) No 2186/93, [Regulation \(EC\) No 295/2008](#) concerning structural business statistics, [Decision No 1608/2003/EC](#) concerning the production and development of Community statistics on science and technology, [Council Regulation \(EC\) No 1165/98](#) concerning short-term statistics, [Regulation \(EC\) No 808/2004](#) concerning Community statistics on the information society, [Regulation \(EC\) No 638/2004](#) on Community statistics relating to the trading of goods between Member States and repealing Council Regulation (EEC) No 3330/91, and [Regulation \(EC\) No 471/2009](#) on Community statistics relating to external trade with non-member countries and repealing Council Regulation (EC) No 1172/95.
- <sup>6</sup> All movable property, including electrical energy and natural gas.

- <sup>7</sup> The national business registers (NBRs) comprise: all enterprises carrying out economic activities contributing to gross domestic product (GDP), and their local units; the legal units of which those enterprises consist; the kind-of-activity-units (KAUs) or the statistical classification of economic activities ('NACE') code as laid down in Regulation (EC) No 1893/2006 of the European Parliament and of the Council, and the size of each KAU of which those enterprises consist, restricted to those enterprises which owing to their size have a significant influence on the aggregated (national) data; and enterprise groups.
- <sup>8</sup> The EuroGroups Register (EGR) comprises: all enterprises carrying out economic activities contributing to the gross domestic product (GDP) that form part of a multinational enterprise group; the legal units of which those enterprises consist; and multinational enterprise groups.
- <sup>9</sup> Access is limited to administrative records within the NSA's own public administrative systems.
- <sup>10</sup> To be determined through delegated acts.
- <sup>11</sup> Short-term business statistics; country-level business statistics; regional business statistics; and statistics on international activities.
- <sup>12</sup> Business population; global value chains; ICT usage and e-commerce; innovation; international trade in goods; international trade in services; investments; labour inputs; outputs and performance; permits; prices; purchases; and research and development inputs.
- <sup>13</sup> The subject areas, topics and detailed topics to be provided are listed in Annex I. Annex II lays down the periodicity with which the topics need to be provided.

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