



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 28.6.2002
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2001/0023 (COD)

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

pursuant to the second subparagraph of Article 251 (2) of the EC Treaty

concerning the

**common position of the Council on the adoption of a European Parliament and
Council Regulation amending the Council Regulation no 58/97 concerning structural
business statistics**

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1- BACKGROUND

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| Date of transmission of the proposal to the EP and the Council (document COM(2001) 38 final – 2001/0023(COD)): | 25.01.2001 |
| Date of the opinion of the Economic and Social Committee: | 11.07.2001 |
| Date of the opinion of the European Parliament, first reading: | 13.06.2001 |
| Date of transmission of the amended proposal: | 27.09.2001 |
| Date of adoption of the common position: | 20.06.2002 |

2- OBJECTIVE OF THE COMMISSION PROPOSAL

Council Regulation (EC, Euratom) No 58/97 concerning structural business statistics (SBS Regulation) is the main legal framework for the collection, compilation, transmission and evaluation of statistics on the structure, activity, competitiveness and performance of business. The proposed Regulation aims to complement the SBS Regulation with two additional sector specific annexes on credit institutions (Annex 6) and pension funds (Annex 7). Moreover, it will extend the coverage of the horizontal module (Annex 1) to the following activities that are not yet included: other financial intermediation services (NACE Rev.1 group 65.2), pension funds (NACE Rev.1 class 66.02) and financial auxiliaries (NACE Rev.1 division 67). Finally, it introduces two additional variables in the area of environment to Annex 2 of the SBS Regulation (on industry activities).

3- COMMENTS ON THE COMMON POSITION

3.1. Brief general remarks on the common position

The common position although deviating from the initial proposal submitted by the Commission, nevertheless maintains to a large extent the fundamental ideas of the Commission's proposal, i.e. extending the Annex 1 to the activities of other financial intermediation (NACE-group 65.2) and financial auxiliaries (NACE 67), adding two new environmental variables to Annex 2 and adding two sector specific annexes (Annex 6 on credit institutions and Annex 7 on pension funds).

3.2. Action taken on the European Parliament's amendments at first reading

3.2.1 – Accepted by the Commission and incorporated into the common position

The European Parliament proposed a number of modifications following its first reading of the Commission's initial proposal.

The following changes proposed by the European Parliament have been taken into account in the common position: amendments 1, 2, 3, 5. The amendment No 7 is only partially accepted: 'the internal market' is added to the heading 'Data on internationalisation' in Annex 7 Section 4(2) and the collection of the characteristic 48 64 0, which is renamed 'Total investments broken down into euro and non-euro components' by the Council, is mandatory.

3.2.2. – Accepted by the Commission but not incorporated into the common position (Commission's position in that respect)

The amendment No 4 of the European Parliament changing the optional characteristics on geographical breakdown (characteristics 45 31 0, 45 41 0 and 45 42 0) of Annex 6 Section 4 (iii) into mandatory characteristics is not accepted by the Council. It is clear from the reactions of the National Statistical Institutes represented in the Council Working Group that the burden that would arise from the collection of these data from the credit institutions is disproportionate with the use of the data. Furthermore, the members of the Committee for Financial, Monetary and Balance of payment statistics have addressed a letter on this issue to the European Parliament to stress the importance of the additional costs that would arise.

The amendments No 6 and 10 of the European Parliament striking the optional in the column for comments for the characteristics 11 61 0 'Number of pension schemes' and 48 15 2 'Other debt securities and other fixed income securities' of Annex 7 Section 4(2) are not accepted by the Council. In their view substantial additional costs would arise from a mandatory collection of these data for those countries for which the information is not available.

The amendment No 7 of the European Parliament is partly not accepted. The Council chooses to keep the characteristics 11 71 0 'Number of enterprises with members in other EEA countries' and 48 65 0 'Geographical breakdown of number of members by gender' under the heading of pilot studies and not to include them in the list of mandatory variables of Annex 7 Section 4(2). The Council argues that the collection of the necessary data would result in considerable additional costs. The availability of data has not yet been tested by means of a voluntary data collection or with a pilot study. As amendment No 8 of the European Parliament (deleting characteristics 11 71 0 and 48 65 0 from the list of pilot studies) is the logical consequence of the part of Amendment No 7 that is rejected by the Council, it does not accept this amendment either.

The Council does not fully accept the amendment No 9 of the European Parliament. The characteristic 48 70 7 'Number of female members' cannot be included under the mandatory characteristics of Annex 7 Section 4(2) but will be included under the heading of pilot studies. The availability of the data has not yet been tested by means of a voluntary data collection or a pilot study.

The Commission could accept the Council's position on these amendments proposed by the European Parliament. Although the acceptance of these European Parliament amendments would have led to the availability of data that is useful for evaluating the development of the internal market for credit institutions and pension funds as well as gender issues related to pension funds, the Commission acknowledges however the fact that the collection of these data would imply substantial additional costs. Moreover, the Commission agrees that the availability of some of these characteristics, which has not yet been tested in a voluntary data collection or a pilot study, could better be assessed by means of a pilot study. Including these characteristics under the pilot studies will also leave open the possibility to include these characteristics in the Regulation as mandatory variables at a later stage. As the Commission recognises the relevance of data on pension funds broken down by gender and geographically, a high priority is given to the pilot study regarding the statistics on pension funds.

3.3. If applicable, new provisions introduced by the Council and the Commission's position on the matter.

The modifications introduced by the Council which were not included in the original Commission proposal concern in the first place four characteristics to be collected for pension funds on a mandatory basis. To the opinion of the members of the Council Working Group ECOFIN statistics, the use of the information does not outweigh the additional burden for both the data providers (the National Statistical Institutes) and the enterprises.

- Three characteristics on non-autonomous pension funds are to be included under the pilot studies and not under the mandatory variables. It concerns characteristics 11 15 1 'Number of enterprises with non-autonomous pension funds, broken down by size classes of members', 48 40 1 'Net technical provisions of non-autonomous pension funds' and 48 72 0 'Number of members of non-autonomous pension funds'. The data on non-autonomous pension funds is not available in some Member States and would result in a considerable additional burden for data providers (the National Statistical Institutes) and the enterprises.
- The characteristic 'Debt securities and other fixed-income securities issued by public administrations' is optional instead of mandatory in the Council's common position. The Council considers this to be very detailed information, which is not readily available in all Member States and which would result in additional costs.

As the mandatory collection of these four characteristics would increase considerably the burden on the enterprises concerned and the data providers, the Commission could accept the new provisions proposed by the Council. Including of the characteristics regarding non-autonomous pension funds under the heading of pilot studies opens up the possibility to include these variables as mandatory variables in the Regulation at a later stage.

In the second place, the characteristic 48 64 0 'Total investments broken down by currencies' is renamed 'Total Investments broken down into euro and non-euro components'. As the main aim of the Commission is to collect data to study the evolution of the part in euro of the investments made by pension funds, the Commission could accept the new provision proposed by the Council.

In the third place, the first reference year of the collection of data on pension funds will be changed from 2001 into 2002. The Commission could agree with this new provision of the Council in view of the fact that if the reference year 2001 is maintained, the data of Annex 7 already has to be provided before 31/12/2002, which will be very close after the adoption of the Regulation leaving not enough time for possible adaptations in the national data collection systems.

Finally, the Council also proposes to extend the possible additional transition period of three years for the environmental variables with one year. The decision to authorise this additional transition period to a Member State needs to be taken according to the Comitology procedure. The Commission could accept this new provision of the Council.

3.4. If applicable, comitology problems encountered in adopting the common position (and the position adopted by the Commission)

None

4- CONCLUSION

The Commission can in general accept the common position. The common position maintains the objectives of the Commission proposal, i.e. to collect additional information on other financial intermediation (NACE-group 65.2) and financial auxiliaries (NACE-division 67), environmental expenditure, credit institutions and pension funds.

The common position maintains the inclusion of NACE-group 65.2 and NACE- division 67 in Annex 1. The two new variables on environmental expenditure will be included in Annex 2, the common position only foresees the possibility to extend the additional transition period with one year. For both the annex on the credit institutions and the annex on pension funds a considerable number of characteristics remain to be compiled on an obligatory basis. They permit examining the main trends in both sectors: for instance the concentration in the banking sector, the development of the different sources of income (interest and commission income, income from financial operations) of credit institutions, the development of the pension fund sector (by number of members, contributions, pension payments), the evolution of the investments made by pension funds in different financial assets etc. In Annex 6 the common position results on the one hand in three additional optional (instead of mandatory) characteristics from a list of 61 characteristics on credit institutions. The acceptance of the common position means on the other hand that out of a list of 71 characteristics for pension funds three more variables will become optional and six will be included under the subjects for pilot studies. For the variables included under the pilot studies, inclusion as mandatory characteristics in the Regulation at a later stage remains possible. In view of the importance of the information on pension funds, the Commission intends to launch the pilot studies in this area as soon as possible.