

10 May 1999

**UNICE REACTION TO THE
ECOFIN COUNCIL DECLARATION ON LONG-TERM STATISTICAL REQUIREMENTS
FOR THE CONDUCT OF ECONOMIC POLICIES IN STAGE III OF EMU**

The advent of stage III of Economic and Monetary Union, marked by introduction of the single currency, defines a new institutional framework in which statistics must play a preponderant role, clearly at the level of the Euro zone but also at the level of the entire European Union.

The ECOFIN Council's 18 January 1999 declaration fits into this scheme and defines the contours of the statistical framework needed for the smooth operation of EMU, stressing inter alia the links between statistical information and coordination of economic policies. If this intention is laudable and legitimate, bearing in mind the fact that Community statistics have fallen behind, it is nevertheless necessary to define a tool which is reliable, useful and up-to-date, and which manages to strike a balance between relevance and constraint. It is also desirable that companies can benefit in return from an updated and accessible statistical information.

Similarly, relations at national level, (national central banks, national statistics institutes and all public administrations) and Community level (European central bank, Eurostat) need to be improved in order to allow optimal exploitation of statistics in a new economic area.

At macro-economic level, statistics must continue to act as indicators for monetary and budgetary policy. Centralisation of the monetary authority places a greater requirement on reliable and detailed information. The European System of Central Banks already collects the traditional monetary aggregates. Regarding the other variables which are determinant for the conduct of monetary policy, i.e. short-term cyclical indicators, it would be appropriate to pursue the harmonisation efforts already made for monitoring inflation.

If the real sphere must be a legitimate vector of information to the monetary authority, this one-way relationship must also be capable of helping companies: why not give the productive sphere and the business world relevant indicators such as, for example, credits allocated to the different economic players which could be published elsewhere. In addition, minimal harmonisation of accounting frameworks would facilitate management of micro-economic risks in EMU, and would improve bank-business relations.

In the area of budgetary policy, the institutional framework requires budgetary discipline. To that end, if reliable statistics must make it easier to read budgetary developments, they must not be counterbalanced by flexible interpretation.

Concerning social statistics, the arrival of the Euro increases the need for information on wages and social contributions. Comparable monitoring of wage costs in EMU, which is an integral feature of short-term indicators, is unsatisfactory and obliges a number of operators to draw on data elaborated in the U.S.A. It is more than ever necessary to remedy this shortcoming, and we support creation of a quarterly Labour Cost Index broken down into major sectors on the basis of existing national data.

However, the introduction of a European Labour Price Index using the US methodology would create an additional burden for the companies involved which would not be compensated by the information gained. Since the cost-benefit relation is unfavourable from companies' point of view, UNICE does not support this statistical project. However, the use of qualitative tools such as DG II's labour market surveys may prove to be a useful instrument for tracking developments on the labour market and its flexibility.

Lastly, creation of a scoreboard for the Euro zone is necessary, but no reference has yet been made to industrial competitiveness, the exposed tertiary sector or to the entire European production system immersed in international competition. If it is legitimate to concentrate on internal variables, it is important not to omit the external dimension of competition faced by the vast majority of European companies, the source of jobs. In addition, globalisation certainly constitutes a great constraint for the European Union and it needs good information on foreign direct investment both at home and abroad. The traditionally financial angle and classical presentation of the balance of payments could be reviewed, since movements are becoming more important in terms of their sectoral, industrial or economic nature, and not only their monetary aspect. Shortcomings in the European observation apparatus are becoming evident, despite the recent debate in Eurostat on the implications of globalisation for statistics.

The Community's new statistics framework must not prove to be an additional administrative burden for reporting companies. However, it is important that simplification should not lead to sacrifice of a portion of statistical information, for example through the demise of the Intrastat system, which is needed to meet the needs of companies in the single market, at the risk of losing substance. Rather, the aim should be to avoid unnecessary surveys, and to optimise and rationalise the use made of existing statistics in order to provide a universal matrix for economic analysis in Europe, based on sections of NACE and respecting professional identities at the level of divisions. This regrouping of nomenclature is absolutely indispensable to facilitate comparisons between Member States, benchmarking of the performance of companies and sectors, and thereby the conduct of economic policy. In any event, it is a necessary condition for the smooth operation of Economic and Monetary Union and the single market.

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