

Mme Christa Randzio-Plath
Chair of the
Committee on Economic & Monetary Affairs -
European Parliament
rue Wiertz, 60
1047 Bruxelles
Belgium

1 June 2001

1st June 2001

Dear Madam,

Subject: Proposal for a regulation concerning the Labour Cost Index

The European Parliament will soon be presented with a proposed regulation concerning the Labour Cost Index. The regulation seeks to provide reliable and timely data on trends in hourly labour costs on a quarterly basis. UNICE sends you this letter to raise awareness of the issues at stake in the collection of these data. The opinions of the business sector – which will be the source for the data – remain insufficiently reflected in the proposal for the regulation.

At the outset, it should be highlighted UNICE supports the production of a Labour Cost Index on a quarterly basis. The content of the proposed measure is not only acceptable to business, it is seen as positively useful for business decision-making by broad sector.

We are concerned, however, about several aspects of the proposed approach to the collection of data.

Firstly, the proposal recommends that data be provided within 70 days of the end of the reference period, i.e., little more than two months are allowed for the collection of the data in each Member State. Consequently, national institutes will not be able to make use of administrative sources to provide the necessary data. Extending the permitted time delay for responses to 90 days would allow for the use of administrative sources. This would reduce the timeliness of the data only marginally, whilst avoiding imposing unnecessary costs on businesses.

Secondly, UNICE also regrets that Article 3 no longer specifies that establishments with less than 10 employees are to be excluded from the

scope of the Labour Cost Index, as was the case in an earlier draft of the regulation. Including such small establishments appears inconsistent with the aim of reducing the administrative burden on such firms. Furthermore, even the (usually) standard exclusion of firms with less than 10 employees still burdens a large number of very small firms, so we would recommend raising the standard cut-off point.

Furthermore, the data on some cost components are only available annually – this applies especially to non-wage labour costs. The quarterly data collection of these components would increase the response burden and costs significantly, leading to data of low quality. Therefore, where a Member State is unable to collect non-wage data in time, accurate estimation of these data should be permitted.

We ask you to take these important arguments into account during discussions of both the proposed regulation, as well that of other statistical projects. Please feel free to contact Matthew Brooke (tel.: +32 2 237 6520, e-mail: mb@unice.be) with any further questions on this matter,

Yours sincerely,

Daniela Israelachwili
Acting Secretary General