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**REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND
THE COUNCIL**

**on the implementation of the Regulation (EC) No 295/2008 of the European Parliament
and of the Council concerning structural business statistics**

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1. INTRODUCTION

1.1. Regulation on structural business statistics

Under Article 13(1) of Regulation (EC) No 295/2008¹ on structural business statistics ('the SBS Regulation'), 'the Commission shall, by 29 April 2011 and every three years thereafter, submit a report to the European Parliament and the Council on the statistics compiled pursuant to this Regulation and in particular on their quality and the burden on business'. This report follows on from the April 2014 report.²

It provides an overview of progress in implementing the SBS Regulation based on final data for the reference year 2013 in the following areas:

- services;
- industry;
- trade;
- construction;
- business services; and
- business demography.

It provides information on the measures the Commission has taken to ensure that high-quality European structural business statistics are made available, and on the implementation of the SBS Regulation by Member States. It also includes information on the measures Eurostat has put in place to make structural business statistics more relevant and reduce the burden of compiling them for businesses.

1.2. Content of the main datasets

Structural business statistics (SBS) give a detailed picture of the structure, performance and main characteristics of European business as a whole and of different sectors. They also make an important contribution to several other areas such as national accounts, short-term statistics and business registers.

¹ Regulation (EC) No 295/2008 of the European Parliament and of the Council of 11 March 2008 concerning structural business statistics (recast), OJ L 97, 9.4.2008, p. 13.

² COM(2014) 243 final.

In general, the data cover all sectors apart from agriculture and personal services. Data are collected on the following variables:

- output-related variables (e.g. turnover and value added);
- input-related variables on labour input (e.g. employment and hours worked), goods and services input (e.g. total purchases) and capital input (e.g. investments in tangible goods); and
- business demography variables (e.g. population of active businesses, number of new businesses created and number of businesses closed down).

In addition, several other important indicators are derived from the above, in the form of ratios of certain monetary variables or *per capita* values.

All Member States send several datasets, as required under Commission Regulation (EC) No 251/2009.³ The main datasets are:

- annual enterprise statistics (the characteristics are published by country at NACE Rev.2⁴ 4-digit level (classes));
- annual enterprise statistics by size class (the characteristics are published by country at NACE Rev.2 3-digit level (groups), with size class determined by number of persons employed);
- annual regional statistics (the characteristics are published by NUTS 2 region at NACE Rev.2 2-digit level (divisions)); and
- annual demographic statistics broken down by legal form or employee size class (the characteristics are published by country, at NACE Rev.2 4-digit level (classes)).

National statistical institutes (NSIs) use statistical surveys, business registers or various administrative sources to collect most of the data. Member States apply various statistical methods according to the data source, such as grossing up, model-based estimations or different forms of imputation, to ensure the quality of SBS produced.

³ Commission Regulation (EC) No 251/2009 of 11 March 2009 implementing and amending Regulation (EC) No 295/2008 of the European Parliament and of the Council as regards the series of data to be produced for structural business statistics and the adaptations necessary after the revision of the statistical classification of products by activity (CPA), OJ L 86, 31.3.2009, p. 170.

⁴ Commission Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains, OJ L 393, 30.12.2006, p. 1.

All data received from Member States undergo quality checks before being published on Eurostat's website.

1.3. Accessibility of SBS

All data provided by Member States for the reference year 2013, together with the EU aggregated results, have been available on Eurostat's website since December 2015. The data can be accessed under 'Structural business statistics (sbs)'.⁵ The SBS section can be found under 'Industry, trade and services' or by using the search function.⁶

1.4. Publications in 2015 and 2016

In addition to being available on Eurostat's website, the results have featured in a number of articles published on the restructured "Industry and services" section of *Statistics Explained*.⁷ Based on wiki technology, the main purpose of *Statistics Explained* is to explain European statistics by presenting data and highlighting what is interesting or surprising about them, taking into consideration all the necessary background information.

Many other publications have referred to SBS. Major contributions were made in 2015 and 2016 to the Eurostat yearbook and regional yearbook.

2. EFFECTIVENESS OF THE REGULATION AND RELEVANCE OF DATASETS

2.1. Availability and completeness of data

Tables 1, 2 and 3 show that, on the whole, data sent by Member States are reasonably complete for all SBS modules. Countries are considered as 'large', 'medium' or 'small' in terms of their share of value added in the total EU non-financial business economy.

Missing data can be explained as follows:

- there were some problems in calculating certain variables;
- some data were not available for 2013;
- there was a lack of data sources for 'kind-of-activity unit' data;
- data were available after the data transmission deadline or zero values were not provided.

⁵ <http://ec.europa.eu/eurostat/web/structural-business-statistics/data/database>

⁶ <http://ec.europa.eu/eurostat>

⁷ http://ec.europa.eu/eurostat/statistics-explained/index.php/Structural_business_statistics_overview

The countries in question are making continued efforts to improve the delivery of all required data.

However, the availability of SBS on Eurostat's website was limited by the fact that some data, especially for small countries, are confidential.

Table 1: Availability and confidentiality of final 2013 data on services, industry, trade and construction, NACE Rev.2

Countries ⁸	Total cells sent as a percentage of the SBS Regulation requirement	Confidential cells as a percentage of cells sent
Large countries	95	11
Medium countries	96	15
Small countries	99	19
ALL	97	16

The 2013 results for the 28 EU Member States and Norway showed a 2 % increase in data availability as compared with the previous report to the European Parliament and the Council. The largest improvement was in the 'Medium countries' category.

Data availability was high (95 %) for statistics on business services (Table 2). It increased for medium and small countries, but decreased for large countries.

The data availability rate for business demography (Table 3) decreased by 3 %. Only small countries showed an increase. There was a noticeable decrease for medium and large countries.

Table 2: Availability and confidentiality of final 2013 data on business services, NACE Rev.2

Countries	Total cells sent as a percentage of the SBS Regulation requirement	Confidential cells as a percentage of cells sent
Large countries	95	0

⁸ To minimise the burden on businesses and the costs to the national statistical authorities, Member States may mark data for use as a 'contribution to European totals only' (CETO). Eurostat does not publish such data and they are not marked as 'CETO' when Member States publish them nationally. The use of the CETO flag depends on the Member State's share of total added value in the business economy, as follows:

Large countries: DE, FR, IT, UK;

Medium countries: BE, DK, ES, GR, IE, NL, AT, PL, PT, FI, SE, NO;

Small countries: BG, CZ, EE, HR, CY, LV, LT, LU, HU, MT, RO, SI, SK.

Medium countries	98	13
Small countries	93	23
ALL	95	16

Table 3: Availability and confidentiality of final 2013 data on business demography, NACE Rev.2

Countries	Total cells sent as a percentage of the SBS Regulation requirement	Confidential cells as a percentage of cells sent
Large countries	91	8
Medium countries	84	11
Small countries	99	11
ALL	92	11

2.2. Confidentiality rules and their implementation

The tables in 2.1 show the extent to which confidentiality rules have reduced data availability.

All Member States have implemented similar confidentiality rules, mainly to avoid releasing data on one or more specific enterprises. In several Member States, this approach was supplemented by a ‘dominance rule’ under which data were not published if one responding enterprise accounted for more than a certain percentage of the figures. The percentages used vary slightly between Member States.

The percentages of data classified as confidential vary from 0 % to 36 %, with higher rates recorded by medium and small countries in general due to the rules mentioned above.

In total, the 2013 confidentiality rates for statistics on the services, industry, trade and construction sectors were 2 percentage points lower than those in the previous report. The rates were 5 percentage points higher for business services, but decreased by 1 percentage point for business demography.

Eurostat considers the share of confidential data across Member States still as very high and therefore they are encouraged to put more effort towards reducing the amount of confidential data in the future.

In addition to the confidentiality rules applied to data at country level, data at EU aggregated level were also excluded from the statistics for publication in order to protect confidential national data. The rules determining the circumstances in which EU totals must not be published have been laid down in a Confidentiality Charter agreed with all Member States.

As a result, 8 % of the aggregated EU 2013 results for statistics on services, industry, trade and construction could not be published for reasons of confidentiality.

Of the aggregated EU results for business demography, 14.2 % have not been made available for reasons of confidentiality. The numbers and percentages of confidential data cells are presented in the table below.

Table 4: Confidentiality of the main variables included in annual enterprise statistics for which EU 2013 aggregates were published for all levels of NACE Rev.2

SBS	Total number of data cells	Number of confidential data cells	Confidential data (%)
Services	6 001	488	8.1
Industry	9 030	852	9.4
Trade	2 208	73	3.3
Construction	767	34	4.4
Total (services, industry, trade and construction)	18 006	1 447	8.0
Business demography	20 412	2 900	14.2

2.3. Usefulness of SBS

The majority of the data is received by Eurostat 18 months after the reference year. Data are normally validated and published within 4 months after reception. EU totals are calculated 2 years after the reference year latest. Long transmission delays of the data from Member States to Eurostat can hamper the usefulness of the data. Eurostat has only a limited influence on Member States to transmit the data on time.

The number of downloads from Eurostat's website gives an indication of how useful SBS are. The figures in the table below cover the period January 2016 to December 2016, during which the 2013 data were available.

Table 5: Number of downloads

SBS	Number of downloads
	254 241
Aggregated tables (industry, construction, trade and services)	52 795

Industry and construction	85 920
Trade	27 179
Services	31 446
Regional data — all sectors	17 349
Business services	5 171
Business demography	34 381

3. ACCURACY

In order to measure the accuracy of SBS, Commission Regulation (EU) No 275/2010⁹ requires all Member States to provide Eurostat with information on quality indicators such as coefficients of variation on an annual basis. They must also provide information on the methodology used to collect and process the data. On the basis of the information provided by all Member States, Eurostat has conducted an assessment for 2013, the main parts of which are included in this report.

Member States are free to decide on the most efficient and effective ways of collecting and processing data in accordance with national particularities (e.g. size class, economic activity and regions) and available administrative sources.

In order to evaluate the quality of the data at EU level, Eurostat has calculated aggregated EU coefficients of variation based on the national coefficients of variation for six characteristics and for all sectors at NACE Rev.2 1-digit level (Section).

Table 6: Aggregated EU coefficients of variation for statistics in services, industry, trade and construction (%)

2013	Percentage of EU coefficients of variation (%)					
Coefficient of variation ¹⁰	Number of enterprises	Turnover	Added value	Personnel costs	Gross investment	Number of persons employed
0.0-0.5	81	65	50	100	11	69
0.6-1.5	13	24	50	0	28	31
1.6-2.5	6	6	0	0	17	0
>2.5	0	6	0	0	44	0

⁹ Commission Regulation (EU) No 275/2010 of 30 March 2010 for implementing Regulation (EC) No 295/2008 of the European Parliament and of the Council, as regards the criteria for the evaluation of the quality of structural business statistics, OJ L 86, 1.4.2010, p. 1.

¹⁰ The coefficients of variation were calculated for final 2013 data for series 1A, 2A, 3A and 4A (Annexes I-IV), at NACE Rev.2 1-digit level (sections).

The table above shows that the aggregated EU coefficients of variation are below 1.5 in most cases. The exception is the gross investment variable, for which the coefficients are mainly between 0.6 and 2.5.

4. COHERENCE AND COMPARABILITY

As mentioned, Member States shall deliver a report for each reference year which contains information about the methodology used to collect and process the data.

4.1. Coherence

Coherence refers to the extent to which statistical correctness allows data from different sources to be combined. Eurostat is therefore keen to identify the features common to SBS and other business surveys and to determine to what extent they are consistent.

SBS can be used alongside statistics from a number of other sources, such as business registers, national accounts, labour cost surveys, labour force statistics and short-term statistics. Analysing the coherence of SBS and the other statistical sources used revealed a number of differences in both the data and the methodologies used. For any particular statistical source, the methodology that best suits the purposes of that source will be chosen. For this reason, there tend to be differences in methodology between sources.

4.2. Comparability

Statistics on services, industry, trade and construction are comparable over time and across countries only from reference year 2005 onwards, as some countries implemented changes in methodology and scope before that year. The implementation of the new classification of activities (NACE Rev.2) in 2008 prevents any time series being carried across that year.

Statistics on business services and business demography are comparable from 2008, when the survey became mandatory.

5. DEADLINES FOR SUPPLYING DATA

The deadlines, by which Member States must supply data for the reference year, as laid down in the SBS Regulation, are as follows:

- 10 months after the year-end for preliminary statistics on services, industry, trade and construction; and
- 18 months after the year-end for final data for all sectors.

For reference year 2013, 18 countries delivered all their data on time.

6. ACCESSIBILITY AND CLARITY

All SBS are available free of charge on Eurostat's website under 'Industry, trade and services', together with detailed explanations of methodological issues that may be of relevance to users.¹¹

The NSIs also publish SBS nationally. This makes the data even more accessible to users.

7. COMPLIANCE WITH THE SBS REGULATION

Member States' compliance with the SBS Regulation is assessed on the basis of the completeness of the data provided, the number of versions received before publication of the final data and whether the data are provided within the deadlines.

The overall compliance score for 2013 data shows an improvement compared with the compliance level recorded in the previous report. Specific circumstances in a country can lead to a drop in the compliance score can bring the compliance score down.

An average of 1.3 versions of each Member State's data was provided before the final data were published.

Table 7 provides an overall assessment of compliance for all 28 EU Member States and Norway.

The countries have been awarded one of four grades for compliance:

VG = Very good compliance. All required data (with minor exceptions) were delivered on time (scores of 90 % or above).

G = Good compliance. There were a few elements missing or minor delays in data delivery (scores between 70 % and 89 %).

P = Data were partially available, but major chunks of required information were missing or deadlines were not met (scores between 10 % and 69 %).

N = A large part of the data was missing or there were major delays in data delivery (scores of less than 10 %).

¹¹ <http://ec.europa.eu/eurostat/web/structural-business-statistics/overview>

Table 7: Overall assessment of compliance

Country	Overall score
AT, BE, BG, CZ, DE, DK, ES, HR, HU, IT, LT, LV, MT, NL, NO, PT, RO, SI, SK, UK	VG
CY, EE, FI, FR, LU, PL, SE	G
EL, IE	P
-	N

The table shows that compliance was ‘very good’ or ‘good’ for most Member States.

Eurostat took steps to improve compliance in two ways: by reporting on the compliance monitoring carried out and by providing Member States with a tool for data validation.

Eurostat submits a compliance report to the SBS Steering Group once a year. In some cases, the Director-General of Eurostat has also sent letters to the heads of NSIs.

Eurostat has developed a data validation tool which Member States can use to check for accuracy and confidentiality before sending the data to Eurostat. The vast majority of the Member States use this validation tool, which has helped reduce the number of versions and improve the quality of the data transmitted by the Member States.

Eurostat is also involved in an activity to achieve full compliance with the SBS Regulation with respect to the correct application of the ‘enterprise’ as a statistical unit as defined in Council Regulation (EEC) No 696/93¹². This regulation states that ‘The enterprise is the smallest combination of legal units that is an organizational unit producing goods or services, which benefits from a certain degree of autonomy in decision-making...’. Legal units that do not have sufficient autonomy of decision should be combined with their controlling unit to form a single enterprise. 23 countries (22 EU Member States and 1 EFTA Member State) were considered to be not fully compliant with the application of the enterprise as a statistical unit in SBS. All these countries submitted their action plan to Eurostat for full implementation of the enterprise as a statistical unit in SBS. They started working on implementation in June 2016, with Eurostat checking on progress every 6 months.

¹² [Council Regulation \(EEC\) No 696/93](#)

8. THE BURDEN ON BUSINESSES AND CHANGES INTRODUCED AND ENVISAGED IN SBS

8.1. Background

In compliance with the SBS Regulation, the NSIs continue to provide a core set of structural business statistics (e.g. information on the business population and births and deaths of enterprises and their survival, turnover, value added, employment, gross investment, value output, factor input) and make them available to users. However, continuing to compile SBS statistics that are not linked to other business statistics domains– in line with the current compartmentalised approach in which each domain is covered by a separate legal framework – is no longer deemed sustainable. This is because it is not agile enough to respond to emerging user needs and reduce the statistical burden on businesses.

Aware of these challenges, Eurostat has been working with interested parties in the European Statistical System (ESS) to adapt the statistical production process to major developments in society and the globalised economy using a set of measures as part of the Framework Regulation Integrating Business Statistics (FRIBS) project. The new legal framework for integrating business statistics deals with broader areas. This results in the integration of an interdependent production system that draws upon multiple sources. In terms of efficiency gains, the project aims to tackle a wide range of problems and:

- bring about more efficient statistical production;
- produce better comparability and consistency across domains;
- streamline data requirements;
- reduce the burden on businesses;
- respond to new and more complex user needs.

8.2. Changes introduced and envisaged in SBS

Reducing the burden on businesses is crucial for safeguarding the conditions for the statistical production system in Europe to work effectively to achieve the envisaged goals in business statistics. To this end, Eurostat has worked with NSIs on an ongoing basis to reduce this burden and increase its relevance by simplifying the data requirements and ensuring that the available statistics meet the needs of users.

Several consultations have taken place with the main users of SBS in and outside the Commission. As a result, Eurostat has removed the requirements imposed on the ‘Financial

and insurance activities' sector and introduced standard SBS variables to this sector. This applies to data collected for 2013.

In addition, some of the steps taken by Member States to reduce the burden on businesses were related to SBS data collection. Sample surveys are frequently used by the majority of Member States, and they have adopted new sampling strategies to reduce both the burden on business and the costs for NSIs. A number of countries have also excluded small businesses from their surveys and used administrative data sources combined with estimates instead. Some countries have developed and implemented online systems for collecting annual fiscal and statistical information. These systems use modern information technology and can improve the quality of the data and reduce the time it takes to enter and process it.

In terms of changes planned to SBS as part of the FRIBS project, the following measures are set to be implemented to make official EU statistics more relevant. While this may bring with it additional implementation costs for NSIs and businesses such as additional surveys for some units, these costs will be offset by the benefits of more standardised data structure and by simplifications to some data requirements of several business statistics regulations.

- Improve the coverage of all SBS by extending the NACE Rev. 2 activity breakdown to the following sections: P (Education), Q (Human health and social work activities), R (Arts, entertainment and recreation) and S96 (Other personal service activities).
- Extend the coverage of the variables 'investment in machinery and equipment' and 'hours worked for service sectors'.
- Provide provisional data on SMEs (by size class) for two key variables (turnover, number of persons employed) within 10 months after the reference period.
- Restructure data requirements for the 'Financial and insurance activities' sector by introducing standard SBS variables, deleting sector-specific variables and extending coverage to all subsectors such as financial leasing, mortgage credit granting, consumer credit granting and similar financial entities and auxiliary activities.
- Delete data on turnover breakdown by product for the trade sector.
- Delete data on environmental protection expenditure.
- Decrease the level of detail (NACE 2-digit) for variables specifically needed for National Accounts.

9. FURTHER DEVELOPMENT

SBS focus solely on the national level at present, not taking into account the new environment in which business activities keep evolving. The single market and globalisation have changed how businesses are organised. To address this, Eurostat, in cooperation with Member States, has considered several measures to amend SBS "in order to" or "aiming at responding" to changing user needs, which is fundamental for the relevance of official statistics.

Proposed amendments to the current SBS requirements are as follows.

- Introduce the aspect of control of enterprises, making it possible to divide the SBS population into 3 categories: independent enterprises, domestically-controlled and foreign-controlled enterprises.
- Introduce the distinction in SBS as to whether an enterprise is involved in international trade or not, making it possible to divide the SBS population into 2 additional subcategories: internationally trading and not internationally trading enterprises. SBS characteristics will also be provided separately.
- Align the methodology for foreign direct investment (FDI) and foreign affiliates statistics (FATS): there is a strong link between FDI and FATS as FATS entities are a subset of the FDI population. It could be argued that FDI is the dynamic component of FATS. However, the methodology for compiling statistics on FDI and FATS is not consistent at the moment.
- Modes of supply — a better representation of services: for internationally traded services, the mode of supply shows how the services are traded between two countries. Presenting services like this also includes FATS and gives a better insight into the ‘entire’ services trade.
- Services trade by enterprise characteristics (STEC) — a better representation of services: STEC statistics improve the quality of measuring economic globalisation based on input-output tables and the concept of ‘trading in value added’; because it adds the NACE aspect to statistics on internationally traded services. Services statistics will then also be available on the economic activity of business traders in services. They will be better integrated into business statistics. Against this background, the question of how to classify services needs to be addressed so that services are fully integrated into business statistics, but also satisfy the needs of other users. This is linked to the issue of whether to use Extended

Balance of Payments Services Classification (EboPS) or Classification of Products by Activity (CPA). The possibility of providing services trade statistics based on an enterprise size-class breakdown (0-9, 10-49, 50-249, 250+ persons employed or, alternatively, the corresponding thresholds in value added) will also be explored.

- Produce statistics by business function: modern enterprises are often structured based on the concept of business functions. This means they can in- or outsource parts of the production process. If an enterprise is outsourcing, knowing its economic activity (NACE) is not enough because this can hide which types of jobs are lost. For this reason, the two surveys that Eurostat conducted on international sourcing introduced the concept of business functions. An expert group from the United Nations Statistics Division is busy finalising this classification.
- Produce statistics on the statistical unit enterprise group: multinational enterprise groups will play an increasingly important role in economic globalisation. FATS currently provide partial information on multinational enterprises because they collect statistics on the activities of foreign-controlled affiliates. However, they do not collect or provide information on domestically-controlled affiliates that belong to the same enterprise group. Nor do they provide information on its ultimate controlling institutional unit.

Micro-data linking (MDL) exercises can be used to gather some of the data requirements from existing data sources. As a result, implementing these requirements should not impose an additional burden, although implementing some of them will require a significant commitment and investment from ESS in the coming years.

In collaboration with the MSs, Eurostat commits itself to continue working on the issue of variability in the application of turnover thresholds used for the businesses to be registered in the business registers across Europe. This will improve the comparability of national data in business statistics.

These eventual amendments will therefore be a matter for further discussion in order to define priorities on the basis of their added value and the availability of sources.