

Proposal for a Regulation of the European Parliament and of the Council concerning labour cost index

(2001/C 304 E/08)

(Text with EEA relevance)

COM(2001) 418 final — 2001/0166(COD)

(Submitted by the Commission on 23 July 2001)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285(1) thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the Economic and Social Committee,

Having regard to the opinion of the European Central Bank,

Acting in accordance with the procedure laid down in Article 251 of the Treaty,

Whereas:

- (1) A range of statistics, of which labour cost indices form an essential part, is relevant for an understanding of the inflationary process and the dynamics of the labour market.
- (2) The Community, and particularly its economic, employment and monetary authorities, need to have regular and timely labour cost indices for the purpose of monitoring changes in labour costs.
- (3) The Action Plan on Economic and Monetary Union statistical requirements, produced by the European Commission (Eurostat) in close collaboration with the European Central Bank, identifies as a priority the development of a legal basis covering short-term labour cost statistics.
- (4) The benefits of collecting, at Community level, complete data on all segments of the economy should be balanced against the reporting possibilities and the response burden on small and medium-sized enterprises (SMEs).
- (5) According to the principle of subsidiarity as set forth in Article 5 of the Treaty, the creation of common statistical standards for labour cost indices can only be achieved on the basis of a Community legal act because only the Commission can coordinate the necessary harmonisation

of statistical information at Community level, while the collection of data and compilation of comparable labour cost indices can be organised by the Member States.

- (6) Since the measures necessary for the implementation of this Regulation are management measures within the meaning of Article 2 of Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission ⁽¹⁾, they should be adopted by use of the management procedure provided for in Article 4 of that Decision.

- (7) The Statistical Programme Committee (SPC), established by Council Decision 89/382/EEC, Euratom ⁽²⁾, has been consulted in accordance with Article 3 of that Decision,

HAVE ADOPTED THIS REGULATION:

Article 1

Objective

The objective of this Regulation is to establish a common framework for the production, transmission and evaluation of comparable labour cost indices in the Community. Member States shall produce labour cost indices for the economic activities defined in Article 4.

Article 2

Definitions

1. The labour cost index (LCI) is defined as the Laspeyres index of labour costs per hour worked, chain linked annually and based on a fixed structure of economic activity at NACE Rev.1 sub-section level, where NACE Rev.1 is the classification established by Council Regulation (EEC) No 3037/90 of 9 October 1990 on the statistical classification of economic activities in the European Community ⁽³⁾. The formula to be used for the calculation of the LCI is defined in the Annex to this Regulation.

⁽¹⁾ OJ L 184, 17.7.1999, p. 23.

⁽²⁾ OJ L 181, 28.6.1989, p. 47.

⁽³⁾ OJ L 293, 24.10.1990, p. 1.

2. The labour costs are the total quarterly costs incurred by the employer in the employment of labour. The labour cost items and total staff employed are defined by reference to Annex II, Sections A and D (items D1, D4 and D5 and their subcomponents, excluding items D2 and D3) of Commission Regulation (EC) No 1726/1999 of 27 July 1999⁽¹⁾, implementing Council Regulation (EC) No 530/1999 of 9 March 1999 concerning structural statistics on earnings and on labour costs⁽²⁾.

3. The hours worked are defined by reference to Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community⁽³⁾, Annex A, Chapter 11, paragraphs 11.26-11.31.

4. Technical specification of the index, including revisions to the weighting structure, can be redefined in accordance with the procedure laid down in Article 11, paragraph 2.

Article 3

Scope

1. This Regulation shall apply to all activities defined in sections C to O of NACE Rev.1.

2. The LCI shall represent all statistical units as defined in Council Regulation (EEC) No 696/93 of 15 March 1993 on the statistical units for the observation and analysis of the production system in the Community⁽⁴⁾.

Article 4

Breakdown of variables

1. The data shall be broken down by economic activities NACE Rev.1 at least by sections and sub-sections. The data shall also be provided for NACE Rev.1 L, M, N and O in conformity with the transitional arrangements referred to in Article 9.

2. Labour cost indices shall be provided separately for the four labour cost categories identified below:

1. Total labour costs;

2. Labour costs excluding bonuses, which are defined by D.11112 in Annex II of Commission Regulation (EC) No 1726/1999;

3. Wages and salaries, defined by reference to item D.11 in Annex II of Commission Regulation (EC) No 1726/1999, referred to in Article 2;

⁽¹⁾ OJ L 203, 3.8.1999, p. 28.

⁽²⁾ OJ L 63, 12.3.1999, p. 6.

⁽³⁾ OJ L 310, 30.11.1996, p. 1.

⁽⁴⁾ OJ L 76, 30.3.1993, p. 1.

4. Employers' social contributions plus taxes paid by the employer less subsidies received by the employer, as defined by the sum of items D.12 and D.4 less D.5 in Annex II of Commission Regulation (EC) No 1726/1999⁽⁵⁾, referred to in Article 2.

Article 5

Frequency and back data

1. The data for the LCI shall first be compiled for the first quarter of 2002, and thereafter for each quarter (ending on 31 March, 30 June, 30 September and 31 December of each year).

2. Back data covering the period from the first quarter of 1996 to the fourth quarter of 2001 shall be made available by the Member States. The back data shall be provided for each of the NACE Rev.1 sections C-K and for the labour cost items mentioned in Article 4, paragraph 2, except for labour costs excluding bonuses in Article 2, paragraph 4, item (2).

Article 6

Transmission of results

1. The data shall be supplied in index form. The weights used to calculate the index, defined in the Annex to this Regulation, should be made available for publication at the same time. The appropriate technical format to be used for the transmission of the results and the adjustment procedures to be applied to the data shall be defined in accordance with the procedure laid down in Article 11, paragraph 2.

2. Member States shall transmit the LCI for the breakdown specified in Article 4 of this Regulation to the Commission (Eurostat) within 70 days of the end of the reference period. Metadata, defined as the explanations needed to interpret the changes in the data (i) arising from methodological or technical changes, or (ii) due to real changes in the labour market, shall be delivered with the data.

3. The back data referred to in Article 5 of this Regulation shall be transmitted to the Commission (Eurostat) at the same time as the LCI for the first quarter of 2002.

Article 7

Sources

Member States may acquire the necessary data using a combination of different sources specified below by applying the principle of administrative simplification:

⁽⁵⁾ OJ L 203, 3.8.1999, p. 28.

- (a) surveys, where statistical units, as defined in Council Regulation (EEC) No 696/93, referred to in Article 3, are asked to give timely, accurate and complete information;
- (b) other appropriate sources, including administrative data if these are appropriate in terms of timeliness and relevance;
- (c) appropriate statistical estimation procedures.

Article 8

Quality

1. The data transmitted shall satisfy quality criteria to be defined under the procedure laid down in Article 11, paragraph 2.
2. The Member States shall provide annual quality reports to the Commission, beginning in 2002. The content of the reports shall be defined under the procedure laid down in Article 11, paragraph 2.

Article 9

Transition periods and derogations

1. Transition periods, relating to the implementation of this Regulation, may be conceded, under the procedure specified in Article 11, paragraph 2, not extending more than two years from the date of entry into force of this Regulation.
2. Transition periods, relating to the requirement to produce results for NACE Rev.1 sections L, M, N and O (Articles 3 and 4) may be conceded, under the procedure specified in Article 11, paragraph 2, not extending more than five years from the date of entry into force of this Regulation.
3. During the transition periods, derogations from the provisions of this Regulation may be accepted by the Commission insofar as the national statistical systems require major adaptations.

Article 10

Implementing measures

The measures for implementing this regulation, including measures to take account of economic and technical changes, shall be laid down in accordance with the procedure specified in Article 11. Such measures shall concern in particular:

- (a) additional technical specification of the index (Article 2);
- (b) format for transmission of results and the adjustment procedures to be applied (Article 6);
- (c) quality criteria for data transmitted and contents of quality reports (Article 8);
- (d) transition period (Article 9);
- (e) the methodology to be used for chaining the index (Annex).

Article 11

Procedure

1. The Commission shall be assisted by the Statistical Programme Committee, instituted by Article 1 of Council Decision 89/382/EEC, Euratom, composed of representatives of the Member States and chaired by the representative of the Commission.
2. Where reference is made to this paragraph, the management procedure laid down in Article 4 of Council Decision 1999/468/EC shall apply, in compliance with Article 7(3) and Article 8 thereof.
3. The period provided for in Article 4(3) of Council Decision 1999/468/EC shall be three months.

Article 12

Reports

The Commission shall submit a report on the implementation of this Regulation to the European Parliament and the Council every two years. The first such report shall be submitted no later than 31 December 2002. This report shall evaluate in particular the quality of the transmitted LCI data.

Article 13

Entry into force

This Regulation shall enter into force on the twentieth day following its publication in the *Official Journal of the European Communities*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

ANNEX

The formula to be used for the calculation of the LCI:

1. Define:

w_i^t = labour costs per hour worked of employees in economic activity i in period t

h_i^t = hours worked by employees in economic activity i in period t

$W_i^j = w_i^j * h_i^j$ = labour costs of employees in economic activity i in annual period j

2. The basic Laspeyres formula to be used to calculate the LCI for period t with annual base period j is defined as

$$LCI_{tj} = \frac{\sum_i w_i^t h_i^t}{\sum_i w_i^j h_i^j} = \frac{\sum_i (w_i^t / w_i^j) w_i^j h_i^j}{\sum_i W_i^j} = \frac{\sum_i (w_i^t / w_i^j) W_i^j}{\sum_i W_i^j}$$

3. The methodology for chaining the index will be defined in accordance with the procedure laid down in Article 11, paragraph 2.

4. The weights used to calculate the index and referred to in Article 6, paragraph 1, are the values of:

$$\frac{W_i^j}{\sum_i W_i^j}$$

where W_i^j , i and j are defined in paragraph 1 of this Annex. These weights should be used for the calculation of the index within two years of the period to which they relate.