Labour market statistics: labour cost index

2001/0166(COD) - 27/02/2003 - Final act

PURPOSE: to establish a common framework for the establishment of labour cost indices.

COMMUNITY MEASURE: Regulation (EC) No 450/2003 of the European Parliament and of the Council concerning the labour cost index.

CONTENT: this Regulation follows on from the fact that a range of statistics, of which labour cost indices form an essential part, is required for an understanding of the inflationary process and the dynamics of the labour market. Furthermore, the Action Plan on Economic and Monetary Union statistical requirements, produced by the European Commission (Eurostat) in collaboration with the European Central Bank, identifies as a priority the development of a legal basis covering short-term labour cost statistics.

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 must produce labour cost indices for the economic activities defined in the Regulation. The provisions include a definition of the labour cost index (LCI.) 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 Regulation 530/1999 and its implementing legislation. The hours worked are defined by reference to Regulation 2223/96.

The main provisions of this Regulation are as follows:

- this Regulation applies to all activities defined in sections C to O of NACE Rev.1. The inclusion of economic activities defined by NACE Rev.1 sections L, M, N and O in the scope of the Regulation are to be determined in accordance with the procedure and the feasibility studies defined in the Regulation. The LCI will represent all statistical units as defined in Council Regulation 696/93.

- the Regulation makes provision for the breakdown of variables. LCI must be provided separately for the three labour cost categories identified below:

a) total labour costs;
b) wages and salaries, defined by reference to Regulation 1726/1999;
c) employers' social contributions plus taxes paid by the employer less subsidies received by the employer;

- an index estimating total labour costs, excluding bonuses, and based on the NACE Rev.1 classification, must be provided, taking into account the feasibility studies defined in the Regulation.

- the data for the LCI will first be compiled for the first quarter of 2003, and thereafter for each quarter (ending on 31 March, 30 June, 30 September and 31 December of each year).

- Member States must provide back data covering the period from the first quarter of 1996 to the fourth quarter of 2002. The back data will be provided for each of the NACE Rev.1 sections C to K and for the labour cost items mentioned. This must be sent to Eurostat at the same time as the LCI for the first quarter of 2003.

- Member States must transmit the data required to Eurostat within 70 days of the end of the reference period.

- Transition periods may be granted under the specified procedure for not more than two years from the date of entry into force of the Regulation.

- The Commission will institute a series of feasibility studies, to be undertaken by the Member States, in particular by those that cannot provide the data for NACE Rev. 1 sections L, M, N, and O or the breakdown of the index estimating total labour costs, excluding bonuses.

- the Commission will be assisted by the Statistical Programme Committee instituted by Article 1 of Decision 89/382/EEC, Euratom.

The Commission must submit a report on the implementation of the Regulation to the European Parliament and the Council every two years. This report must evaluate in particular the quality of the transmitted LCI series data and the quality of the transmitted back data. The first report will be submitted no later than 31 December of the year following the entry into force of this Regulation. It will refer only to the actions executed by Member States to prepare the application of this Regulation.

ENTRY INTO FORCE: 27/02/2003.