



SHORT-TERM ECONOMIC STATISTICS WORKING PARTY (STESWP) MEETING, PARIS, 25-27 JUNE 2007

DRAFT REPORT AND PROGRAMME OF FUTURE WORK

1. The sixth meeting of the OECD Short-term Economic Statistics Working Party (STESWP) was held in Paris on 25-27 June 2007. The meeting was attended by 50 delegates from 26 OECD Member countries, Brazil, Chile, China, Russian Federation and Slovenia, and representatives from the Bank for International Settlements (BIS), European Central Bank (ECB), the European Commission's Eurostat, the United Nations Economic Commission for Europe (UNECE), and staff from the OECD Secretariat. The agenda for the meeting, background information, meeting papers and presentations are available on the meeting website¹. The meeting was chaired by Mr Gian Paolo Oneto (ISTAT, Italy).

2. This report outlines the draft STESWP work programme for the period September 2007 to June 2008 for your consideration and comment (refer [paras. 8 – 10](#) below). More detailed background information, outline of main issues discussed at the June 2007 meeting, and outcomes for each agenda item are provided in the attachment to this document. To enable the finalisation of the STESWP work programme after summer, your views on the STESWP work proposed over the next 12 months outlined below are sought by **26 October 2007**. Similarly, you may also wish to propose other specific ideas in the area of short-term economic statistics for STESWP to undertake, either over the next 12 months or in subsequent years.

3. At this stage it is envisaged that the next plenary meeting of STESWP will be held in Paris on 23-25 June 2008. The agenda for this meeting will allow ample time for national presentations on emerging issues from both Member countries and large emerging and other non-member economies.

4. The focus of discussion at this year's STESWP meeting were documents and draft manuals, etc, that had been disseminated on 2 May 2007. These comprised² material prepared by: the STESWP task forces on short-term indicators for services and administrative data; OECD / Eurostat taskforce on performing revisions analysis for sub-annual economic statistics; work following the release of the OECD *Data and Metadata Reporting and Presentation Handbook* in 2006; development of guidelines on seasonal adjustment practices; infra-annual statistics on capital expenditure and company profits; and proposals for possible future work on producer price indices for services (SPPIs).

5. The meeting agenda also included a number of additional topics identified as priorities by national agencies in 2006. These comprised: recent developments / innovations in the presentation and dissemination of short-term economic indicators; implementation of revised classifications / backcasting; the evolution of short-term economic statistics in large emerging and other non-member economies (NMEs); the development of United Nations guidelines and

¹ Available at www.oecd.org/std/STESWP2007

² Compilations of comments received on these documents from national agencies are available at the URL provided in [footnote 1](#).

recommendations on domains such as distributive trade statistics (both structural and short-term) and the on-going maintenance of the *OECD Short-term Economic Statistics Timeliness Framework* created in 2004. Each of the 12 substantive sessions comprised presentations by national agencies as well as the OECD Secretariat. The final session of the June 2007 meeting entailed discussion of options for future STESWP work.

6. Following the receipt and incorporation of comments by delegates from the 2007 meeting, this report will be submitted to the OECD Committee on Statistics (CSTAT) for information and comment. As mentioned in last years' report, all recommendations, draft manuals, etc, prepared by the Working Party will need to be approved by the Committee.

Proposed STESWP work – September 2007 to end June 2008

7. Delegates strongly supported the finalisation of the work of the existing joint task force on revisions analysis over the period July 2007 to June 2008 and the addition of a small number of new elements into the STESWP work programme. The work of the joint revisions analysis task force will be largely completed in 2008 and will then be wound up. However, discussions at the meeting highlighted the continued need for extensive input from national agencies across OECD Membership through both involvement in the task force or the provision of appropriate input and comment at crucial periods over the coming 12 months on new activities outlined below.

8. The proposed STESWP activities for 2007-2008 entails:

- finalisation of the *OECD Administrative Data Framework* to incorporate recent comments / suggestions from delegates, etc, development and implementation of strategies to promote the Framework and referral of the Framework to CSTAT for information, etc. Future updates of the Framework would be undertaken annually in conjunction with maintenance of the *OECD Short-term Economic Statistics Timeliness Framework* (refer Attachment [para. 4](#));
- finalisation of the work of the OECD / Eurostat task force on performing revisions analysis for sub-annual economic statistics in accordance with the terms of reference endorsed at the meeting (refer Attachment [para. 13](#));
- preparation of a template by the Secretariat for the review of national implementation of 4-5 priority themes (refer Attachment [para. 23](#)) for four key short-term economic indicators (namely: quarterly national accounts; indices of industrial production; retail trade volume indices; and consumer price indices (refer Attachment [para. 24](#))) in the recently published *OECD Data and Metadata Reporting and Presentation Handbook*. This work would be co-ordinated with Eurostat to minimise both duplication of effort and national reporting load;
- continue to provide input as required to Eurostat work on the development of guidelines and recommendations on the implementation of revised classifications and backcasting in short term statistics (refer Attachment [para. 35](#));
- Secretariat to consult with large emerging and other NMEs to prepare presentations on the comparability of 3-4 specific key indicators with those published by OECD Member countries for the June 2008 STESWP meeting (refer Attachment [para. 45](#));
- continued care and maintenance of the *STES Timeliness Framework* (refer Attachment [para. 51](#));

- establishment of a small task-force to develop international guidelines on the aggregation of SPPIs. In particular, should STESWP have an ongoing role in monitoring this activity or should governance be totally subsumed by the Voorburg Group and Eurostat (refer Attachment [paras. 56 - 57](#));

9. In addition, the Secretariat would consult with national delegates early in 2008 on the possible inclusion of some of the following items in the agenda for the June 2008 STESWP meeting:

- current national practices and recent national developments / innovations in the presentation and dissemination of metadata for short-term indicators, in particular, on their linkage to data (refer Attachment [para. 17](#)). This topic would be undertaken in conjunction with future work on the review of national implementation of key recommendations in the OECD *Data and Metadata Reporting and Presentation Handbook* – refer previous para.;
- any recent national implementations of an index of services production (ISP), e.g. by Sweden. OECD / Eurostat could also report on future work on using services turnover data to compile ISP-type short-term indicators (refer Attachment [para. 30](#));
- report on progress of Eurostat initiatives in the development of guidelines, etc., on seasonal adjustment (refer Attachment [para. 41](#));
- inform national agencies of any requests from UN agencies for input to the development of global guidelines and recommendations on either strategic issues or specific domains that touch on short-term economic indicators. The Secretariat would also seek input from Member countries and NMEs as appropriate (refer Attachment [para 59](#)).

10. The OECD Secretariat would also be interested in obtaining your views / thoughts and relative priorities on the possible topics identified by national delegates in previous years outlined in [Section M](#) of the Attachment for new STESWP work and / or for national presentations at the June 2008 STESWP meeting.

11. As for this year, papers and draft documents to be discussed at the next STESWP meeting will be sent to countries by 28 April 2008. Countries will be invited to review these and consult within their organisation to identify its “position” with regard to recommendations and their possible implementation. STESWP delegates will also be asked to forward a brief written submission (five pages maximum) outlining their organisation’s views and comments on the task force recommendations, etc, to the OECD by 6 June 2008.

12. Please do not hesitate to contact Richard McKenzie (Richard.Mckenzie@oecd.org) if you require further information or clarification any any aspect of this report or on the proposed STESWP work programme for the next 12 months.

13. Finally, the OECD Secretariat would like to thank members of the Working Party Bureau and other national agencies for their participation in STESWP this year and for their contributions both during and prior to the meeting last June. In particular, we would also like to acknowledge the valuable contributions of those involved in the work of the various Task Forces.

Short-term Economic Statistics Division
Statistics Directorate
OECD, 1 October 2007

A. TASK FORCE ON THE USE OF ADMINISTRATIVE DATA FOR SHORT-TERM ECONOMIC STATISTICS

1. Development work following the 2006 STESWP meeting entailed the creation of an administrative data homepage³ which consists of two administrative data web-based frameworks, both of which are based on the more than 120 administrative data papers received to data from National Statistics Offices. The main elements of the two frameworks (Broad administrative data categories; and, Using administrative data) are:

- a Framework of administrative data papers by the seven broad categories. Each broad category is then broken down into those papers relevant to short-term economic statistics and those that cover the subject more generally; and
- an interactive web-based Framework of administrative data papers focusing on new users of this data. This Framework is structured to allow statistical agencies new to taking advantage of administrative data in the compilation of official statistics a walk through of the types of steps that will need to be undertaken to incorporate administrative data into their compilation process(es) – see [para. 2](#) below.

2. Though these web-based frameworks were live they were not actively promoted or linked to any other OECD web pages prior to the June 2007 STESWP meeting. Also, though not offering a handbook, the second Framework will help steer the NSI through some general themes that any institute should consider when deciding to use administrative data. The interactive Framework for NSIs looking to use administrative data has five sections:

- Legal framework – Legal basis, data protection, confidentiality, public approval;
- Cooperation with administrative data authorities;
- Administrative data: why use / how to use / uses;
- Issues to consider when using administrative data;
- Administrative data: Compilation methods.

3. Other more recent changes included providing users with access to the *OECD Short-term Economic Statistics Timeliness Framework*, in particular, areas that relate directly to the topic of administrative data. In return, the *STES Timeliness Framework* provides a link to the Administrative Data homepage. The links to the Timeliness Framework will appear in two places in the Administrative Data site linking to specific areas that are relevant to both frameworks.

4. In both written comment received prior to the June 2007 STESWP meeting and in subsequent discussion at the meeting there was strong endorsement of the work of the task force and the two frameworks it created. With the conclusion of initial development work on this project the task force was wound up at the meeting. Final tasks to be undertaken by the Secretariat will:

- incorporate final comments provided by STESWP delegates;

³ Refer <http://www.oecd.org/std/research/administrativedata>

- incorporate a search engine into the webpage to assist users to find the appropriate document;
- entail small redesign in conjunction with the STES Timeliness Framework to pull the two frameworks closer together;
- entail the promotion of the Framework via the “Statistics Portal” on the OECD website, through direct contact with NSIs in both OECD Member country and NMEs, and at relevant international forums.

5. The Framework will then be referred to CSTAT for information and comment. Future updating will be carried out annually in conjunction with the Timeliness Framework.

B. OECD / EUROSTAT TASKFORCE ON PERFORMING REVISIONS ANALYSIS FOR SUB-ANNUAL ECONOMIC STATISTICS

6. At the 2006 STESWP meeting presentations on the topic of revisions analysis were given by the OECD, ECB and ONS. There was strong recognition of the need for further work in this area, in particular, on the development of a common strategy on both the formulation of a revisions policy and undertaking revisions analyses in order to facilitate the analysis and understanding of the revision process, both from an historical perspective and with the on-going release of statistics.

7. Following the 2006 meeting the OECD in conjunction with Eurostat assembled a joint task-force of participants from interested national and international organisations in January 2007. Its goal was to develop a set of guidelines on best practice for performing and using the results of revisions analyses, and in formulating a revisions analysis policy which effectively supports user needs in conjunction with the release of sub-annual economic statistics. The intention is also to provide a set of standard tools as a resource to both producers and users of official statistics to enable such analysis to be performed.

8. The task-force will report principally to STESWP and Eurostat’s Euroindicators Working Group. This will provide the opportunity for the task-force to present preliminary findings from their work and seek feedback from a wider audience. The intention is for a final set of recommended practices for performing revisions analysis and on revisions policy be submitted for formal endorsement to CSTAT and the European Commission Statistical Policy Committee (SPC) in autumn 2008. These recommendations, together with the output of task-force studies and a tool for users to undertake their own revisions analyses will also be presented on the websites of the OECD and Eurostat.

9. The final terms of reference for the work of the task-force was provided for comment with the April 2007 paper dispatch and delegates were also asked to provide a brief summary of past (or current) work their organisation has performed on issues which relate to any of the terms of reference items which could be used as reference material for the work of the task-force.

10. During the Working Party meeting presentations on current outputs of task-force work relevant to the terms of reference were given by: ISTAT, Italy; Statistics Canada; UK ONS; the Bundesbank, Germany; and the OECD. The main topics of the presentations were: analyses of the impact of seasonal adjustment on revision; prototype production systems for decomposing revisions into various contributing factors in conjunction with the production of statistics; the

importance of metadata in understanding the historical impact of revisions; and development of a draft nomenclature of a classification of reasons for revisions.

11. In response to discussion of the terms of reference some delegates were sceptical that the work program was too ambitious but these concerns were largely allayed following the task-force presentations which demonstrated the quantity of work already achieved. Nonetheless, delegates re-enforced the need for the task-force to think carefully about the presentation of final outputs to enable a clear path for implementation within national agencies.

12. The key issues of discussion at the meeting were on defining and quantifying reasons for revisions, identifying when they occur and developing effective ways to provide this information to users. Many useful comments were provided by delegates on these issues which related closely to each of the presentations. It then became apparent that the development of a nomenclature which provides a classification on reasons for revisions and their timing might be the cornerstone to bring together the task-force outputs, particularly in regards to developing a common framework to provide information to users on the revision process.

13. The task-force met at the conclusion of the meeting to reflect on delegates comments and plan the next stages of work. A task-force meeting will be held in Luxembourg on 29-30 October 2007 to discuss progress in the following key areas:

- presentation of recommendations on summary statistics that should be used to describe the outputs of a revisions analysis;
- first proposals on the scope for task-force recommendations on revisions policy;
- a revised draft nomenclature on the classification of reasons for revisions supplemented by a timing dimension;
- further development of prototype systems to decompose revisions as part of the statistical production process and relation of this decomposition to the above nomenclature;
- guidelines on how to use the results from revisions analysis to initiate investigations with the aim of improving the quality of compilation methods;
- analytical studies on the relationship between timeliness and revisions.

C. RECENT DEVELOPMENTS / INNOVATIONS IN THE PRESENTATION AND DISSEMINATION OF SHORT-TERM ECONOMIC INDICATORS

14. This topic was also included in the agenda for the 2006 Working Party meeting by way of a lead-in to the last Session covering future work (to June 2007) for the Working Party. Although no specific future activities for STESWP were identified in the discussion flowing out of the presentations given by national delegates⁴ and the OECD, there was considerable interest in the issues raised, namely:

⁴ Presentations were given by the UK ONS on their guarded experiences in analysing short-term economic statistics; Statistics Netherlands on their *Business Cycle Tracer*; and INSEE on their current work in both the dissemination of statistics and data analysis. The OECD also mentioned their proposed review of the monthly *Main Economic Indicators* (MEI) publication which could possibly lead to greater use being made of more value-added data dissemination via the internet.

- whether or not the activities of statistical agencies should extend beyond the role of merely collecting and disseminating statistics, and if they should develop and publish more analytical outputs. Some NSIs already do this (e.g. INSEE, Statistics Canada) and similar discussions are also going on within international organisations (including the OECD).

A number of countries talked about tensions arising from greater use of press releases for individual key indicators or daily compendium releases of a range of indicators. On one hand, almost all agencies confined themselves to the presentation of “information” and restricted analyses to descriptions of broad movements in the numbers. On the other hand, the media and some other users exert pressure for “news” behind the statistics, especially with regard to causality and the impact of government policies.

In the ensuing discussion, national agencies emphasised that meeting these are other demands for short-term statistics in the context of limited resources will entail the adoption of more efficient compilation methodologies / new technologies, increased use of administrative data, reductions in detail provided for some indicators (e.g. for manufacturing) and through better co-ordination between the various statistical institutes / agencies within a country;

- expansion in the range of data for free dissemination on the Internet;
- expansion in the use of on-line databases - these are currently very heterogeneous in terms of format, content and the provision of metadata;
- moving the underlying database to a more central position in terms of content, ease of access, clarity of tables; linkage of metadata to the statistics disseminated;
- the development of more innovative approaches to presenting short-term statistics in ways to reach wider audiences.

15. Given the level of national interest in these issues there was strong support for provision in the agenda for the 2007 meeting of a further exchange of information on current practices and recent innovations in the presentation of short-term indicators, their dissemination, and the development of analytical tools, in particular, those aimed at broadening the user community.

16. For the 2007 STESWP meeting the main aim of this topic was to provide an opportunity for countries to exchange ideas and recent innovations in the presentation and dissemination of short-term economic indicators and views on the provision of more analytical text with their statistics and metadata. For example, are countries looking at other ways of presenting their data / metadata that are more innovative and which greater use of the capabilities of the Internet? Finally, what could be the future role of STESWP in this area, if any? Are there any possible recommendations / guidelines that could be developed or is it merely one of exchange of ideas / identifying best practice? During the session presentations were given by:

- Statistisches Bundesamt, Germany on their *Personal Price-Index Calculator*;
- OECD, on: new data and metadata interfaces for the OECD *Main Economic Indicators Analytical Databases*; the joint OECD - ECB Adobe Flex data dissemination facility; and the development of a new platform for the presentation of OECD monthly *Main Economic Indicator* statistics.

17. Although there was interest in the tools and innovations presented, the Working Party did not identify areas / issues that would warrant specific future work by STESWP on the presentation and dissemination of short-term economic statistics. However, there was strong interest in exchanging ideas / current practices in the presentation of metadata, in particular, its linkage to data. This could be carried out in conjunction with future work in relation to the recently published OECD *Data and Metadata Reporting and Presentation Handbook* – see [Section D](#) below.

D. RELEASE OF THE OECD DATA AND METADATA REPORTING AND PRESENTATION HANDBOOK. WHERE TO FROM HERE?

18. The primary objective of this agenda item was to present the Working Party with a number of practical options for future work on issues related to data and metadata reporting and presentation of short-term economic statistics. This follows the recent publication of the OECD *Data and Metadata Reporting and Presentation Handbook*⁵.

19. The OECD Handbook was developed under the auspices of STESWP over the period 2003-2006 and formally endorsed by the heads of national statistical agencies in CSTAT in the second half of 2006. The Handbook was the result of very extensive consultation with STESWP national delegates, initially from the task force established in 2002 to formulate recommendations on issues related to data presentation and seasonal adjustment, and subsequently from individual countries for the numerous drafts / manuscripts of the Handbook. Other international / supranational organizations (Eurostat, ECB, IMF and the World Bank) also provided extensive and sometimes very detailed comments and suggestions that were also incorporated into the final version of the Handbook. Draft versions of the Handbook were also presented to the United Nations Statistical Commission (UNSC) in 2005.

20. Now that the Handbook has been published the question arises as to what would STESWP like to do with the various recommendations it contains? Two options were considered by national delegates, namely to take a:

- passive approach and do nothing. The Handbook would primarily serve as a reference document for possible adoption of its recommendations by national and international statistical agencies alike; or a
- more active approach and use the recommendations as a basis for the comparison of current national and international practice in the reporting and presentation of short-term economic indicators.

If STESWP were to accept the second option as a basis for future work questions also arose as to:

- which of the extensive range of recommendations in the Handbook should be given a higher priority for the review of current national / international practices; and
- which short-term economic statistics domains would one compare?

21. The recommendations included in the Handbook were summarised (in Section 1.3.3.) of a paper disseminated to delegates at the beginning of May 2007. Obviously, not all of the issues

⁵ Available at <http://www.oecd.org/dataoecd/46/17/37671574.pdf>

covered are of equal importance. Having said this the question which national agencies were asked to consider was which would have greater impact on data comparability and transparency? Rather than determining such priorities on the basis of each discrete recommendation (remembering that there are 14 pages of them) the Secretariat synthesized the recommendations into 11 broad themes.

22. In both written comments and in the discussion at the Working Party meeting there was widespread support by countries to take a more active approach and use the Handbook recommendations as a basis for comparison of current national and international practice in the reporting and presentation of short-term economic indicators. This approach was deemed to be in line with the mandate of the Working Party to improve the quality of short-term economic statistics⁶.

23. On the issue of which Handbook recommendations to focus on, delegates recognised that it would not be possible to review current practices against all of them and that work would need to be prioritised. From the 11 broad themes identified by the Secretariat⁷, delegates attached higher priority to the Handbook recommendations covering:

- reporting of different forms of time series data – working day adjusted, seasonally adjusted, trend-cycle;
- transparent practices for data revision;
- practices for the presentation of series breaks;
- practices on providing access to metadata, use of common metadata terminology, use of common metadata items, linkage of metadata to statistics;
- practices for the presentation and reporting of administrative data.

24. The final issue was to decide on which short-term economic indicators to review, given the wide range of such indicators and the magnitude of the task to review all of them at the same time. An alternative approach considered but rejected in discussions at the June 2007 meeting was to use a top down approach and ask countries to provide more general text on the corporate approach to each of the priority themes. Whilst making the exercise more scaleable, this approach carried the risk of the review being too abstract. Instead, delegates favoured selecting a small number of indicator domains for initial review, to be followed up later on with others if the exercise was deemed worthwhile. The four indicators mentioned for the first round of reviews were: quarterly national accounts; indices of industrial production; retail trade volume indices; and consumer price indices.

25. In terms of process and possible timelines the Secretariat undertook to draft a review template at the end of summer for comment by delegates. This would incorporate the outcomes of the Working Party discussion. The review process would also be co-ordinated with similar work being conducted by Eurostat for EU and EU candidate countries in order to minimise duplication of effort. The OECD proposed end December 2007 as the date by which countries

⁶ Refer OECD Short-term Economic Statistics Working Party mandate, page 433 of the *OECD Directory of Bodies: 2007*

⁷ As outlined in the paper Release of the OECD Data and Metadata Reporting and Presentation Handbook. Where to from here? , pp 7-8, available at www.oecd.org/std/STESWP2007

would provide their information. The text would then be assembled by the Secretariat into a single document for final comment by STESWP by end March 2008 and subsequent referral to CSTAT with an outline of broad issues (perhaps by June 2008). The final publication would be published by the OECD / Eurostat.

E. RELEASE OF THE OECD COMPILATION MANUAL FOR AN INDEX OF SERVICES PRODUCTION

26. Following the 2006 STESWP meeting, the Secretariat prepared a final version of the *Manual for an Index of Services Production* which was referred to CSTAT for endorsement in the second half of the year. The Manual was published on the Internet⁸ in early 2007 and hardcopy version will be published in English in August and a French version will become available in 2008.

27. Since last year, emphasis on ISPs has been on possible implementation of the Manual's recommendations by national agencies. The presentation given by the OECD in 2006 on the experimental index compiled by the OECD for the French ICT industry demonstrated the possibilities for implementation, though of course the initiative for any full scale work would need to be taken by national agencies given their access to the required more disaggregated data.

28. As mentioned last year, Eurostat expressed interest in the development of ISP-type short-term indicators by EU Member states. Eurostat and ECB have started analysing in detail services turnover data and have carried out some basic deflation using HICP indexes for services and made comparisons with structural business statistics data. EU members have now been asked to provide more detailed metadata on compilation methods and explanations for breaks in series, etc. Eurostat and the ECB are also considering the possibility of compiling a monthly Index of Services Production in the near future, bringing together the services turnover and SPPI data that are now required as part of the STS-regulation. Obviously, the OECD could complement this with work on the non-EU OECD member countries and NMEs.

29. In discussions at the 2007 Working Party meeting (and in previous years), countries mentioned that the main barriers to the development of ISPs were the absence of suitable PPIs for services and available resources. To date, only Mexico has implemented the ISP Manual to compile an ISP for selected services industries. This work was presented at the June meeting. Statistics Sweden also mentioned their plans to commence development of an ISP over the next twelve months.

30. Future STESWP work on this topic will be restricted to the presentation of relevant national experiences in the development of an ISP (for example, by Sweden). In this context the Secretariat would be available to offer technical advice, etc., on implementation of the Manual's recommendations. The Internet version of the Manual would also be updated to incorporate practical national experiences as they evolve. Finally, the OECD would continue to work with the ECB and Eurostat on the activities outlined above and act as a bridge to the non-EU OECD Member countries and NMEs. The Voorburg Group has been discussing issues on services turnover and their relevant deflators together. The implications of these related issues for national accounts will be discussed at the 2008 Voorburg Group meeting.

⁸ Available at <http://www.oecd.org/dataoecd/9/55/37799074.pdf>

F. IMPLEMENTATION OF REVISED CLASSIFICATIONS / BACKCASTING

31. Given the need for NSIs to implement either ISIC Rev. 4 or NACE Rev. 2 over the coming years, there was considerable interest at the national level for the inclusion of this item in the agenda for both the 2006 and 2007 STESWP meetings. The key outcome of the 2006 meeting was the need for the further development of international guidelines on both the introduction of new classifications in short-term economic indicators and time series linking. Consequently, the OECD agreed to participate in a Eurostat task force established in early 2007 to develop a set of guidelines and recommended practices for the backcasting of short-term statistics associated with the implementation of NACE Rev 2. The key function of the OECD in this task-force is to provide a bridge function in making experiences from non-EU countries available.

32. At the June 2007 meeting the OECD gave a presentation outlining a number of key issues and approaches on re-weighting and re-linking for past base years in a new classification. Statistical agencies should recast the weighting matrix in the new classification for all base years, recompile aggregate series and link. To this end agencies also need to identify parts of the classification where the concordance matrix is likely to be very different back in time.

33. Eurostat gave a presentation to outline activities of its task force to date to seek comment, in particular, from the non-EU countries based on their past experience. Key issues raised were: choice of backcasting method (micro vs macro methods); user needs in regards length of backcast time series; level of backcast disaggregations; tradeoffs between backcast length and quality; linking of series; gaps in historical data availability for emerging industries.

34. Detailed comments were provided by the United States and Canadian delegates emphasising the need for early planning and detailed costings of the various options available as there is intrinsically a trade-off between cost and quality. Both agencies commented that they seriously under-estimated the time required for their implementation of the North American Industrial Classification (NAICS). The OECD pledged to obtain more detailed information on methods used and resources consumed in the North American experiences and to make this information available to the Eurostat task-force

35. Eurostat intend to incorporate the recommendations of the task force into a manual on backcasting which would be available in 2008 with draft recommendations to be prepared for consideration by the Short-term Statistics Working Group in December 2007. This Group has the responsibility of drafting a Commission Regulation on backcasting. Future STESWP involvement on this topic will be the wider discussion of the final recommendations of the task-force with a view to promoting them on a more global scale.

G. DEVELOPMENT OF GUIDELINES ON SEASONAL ADJUSTMENT PRACTICES

36. Feedback from STESWP delegates from previous Working Party meetings indicated that issues relating to seasonal adjustment are still a high priority for the Working Party. The aim of the non-technical discussion in June 2006 was to identify what further guidelines were needed with regard to the application of seasonal adjustment techniques for short-term economic statistics. Previous work in this area by the Working Party have been embodied in the *Data and Metadata Reporting and Presentation Handbook* released in late 2006 which provides recommendations related to the presentation of seasonally adjusted data, namely on:

- standard terminology on key terms;

- forms of data to be presented to users in press releases, etc;
- analytical transformations of data in the form of different types of growth rates;
- what sort of information (metadata) on national seasonal adjustment practices should be presented to users.

37. At the June 2006 STESWP meeting the Working Party delegates mentioned the need to avoid any duplication of activities with those activities currently underway elsewhere, e.g. ECB-Eurostat Joint Steering Group. The Working Party concluded that Eurostat would continue to take the lead on technical issues related to the development of guidelines to assist the convergence of national practices. In the context of the OECD bridge function the OECD would act as a conduit for collecting the views / opinions of non-EU OECD Member countries.

38. Over the last 12 months Eurostat has undertaken a number of initiatives to harmonise seasonal adjustment practices across EU members. Part of this harmonisation process has seen the Euroindicators Working Group produce a brief framework, the *Eurostat Guidelines on Seasonal Adjustment*. These Guidelines were presented at the 9th Working Group meeting on 4-5 December 2006 in Luxembourg⁹. The aim of the Eurostat Guidelines is to provide member states with a basic set of recommended seasonal adjustment practices to ensure data and methodological convergence.

39. While in still in draft form, the Eurostat Guidelines provide a good basis and starting point for any seasonal adjustment discussion and in this context STESWP delegates from agencies in each non-EU OECD Member country and non-member observers were provided with a copy of the draft document and asked to consult with the relevant experts in their agency / organisation and provide written comment on:

- the possibility of their implementation by their statistical agency; and
- identify and outline specific problems / issues with any of the individual draft guidelines.

This feedback will be forwarded to Eurostat for possible incorporation into later versions of the Guidelines. Eurostat have not yet indicated when Framework will be finalized.

40. At the 2007 Working Party meeting following a brief overview by the OECD of previous STESWP work on seasonal adjustment, presentations were given by:

- Statistics Canada – Brief overview of Statistics Canada’s seasonal adjustment / benchmarking / linking tool;
- Hungarian Central Statistics Office (HCSO) – The structure and key recommendations of the *Methods and Practices on Seasonal Adjustment in the European Statistical System* that was developed by HCSO on a commission from Eurostat¹⁰;

⁹ The Guidelines were compiled by the EuroIndicators Seasonal Adjustment Steering Group, co-chaired by the ECB and Eurostat and includes delegates from eight member states.

¹⁰ All questions and queries related to this publication should be directed to Erika Földesi at the Hungarian Central Statistical Office (hosa@ksh.hu).

- Eurostat – The structure and key recommendations in the *Eurostat Guidelines on Seasonal Adjustment*,
- Eurostat - Current status of various Eurostat initiatives and proposed future work.

41. In terms of possible future STESWP work on seasonal adjustment, two broad themes emerged from the ensuing discussion:

- The first was that STESWP needs to maintain a watching brief on seasonal adjustment work undertaken other international organizations and comment and participate as required. Such activity included that of providing a bridge function between current EU initiatives and related initiatives in non-EU countries. This reflected the preference of the Working Party.
- The second theme was that if STESWP were to be directly involved in future in work on seasonal adjustment then the focus of such work would need to be narrowed to either specifically entail the seasonal adjustment of a specific short-term economic statistic (e.g. IPI, retail sales) or narrow global issues effecting a range of indicators such as “pont” days, short time series, Sunday trading, etc.

H. SHORT-TERM ECONOMIC STATISTICS IN LARGE EMERGING AND OTHER NON-MEMBER ECONOMIES

42. As mentioned in the report of the 2006 STESWP meeting (in [para. 39](#)), the growing economic significance of the large emerging NMEs of Brazil, China, India, Russian Federation and South Africa (BRICS) and their emergence as key players in the global economy has become even more pronounced over the last few years. It is therefore essential to improve the availability, methodological transparency, quality and international comparability of statistics for these economies. Since the 2006 STESWP meeting factors internal and external to the OECD have further increased the Organisation’s interest in NMEs.

43. These were highlighted by the May 2007 meeting of the OECD Council at Ministerial Level (MCM) which had as its theme “Innovation: Advancing the OECD agenda for growth and equity.” Discussion at the MCM centred on two interrelated elements: globalization, growth and equity; and [OECD] enlargement and enhanced engagement. As the policies of the countries cited above have an increasing global impact the Council considers it essential for the OECD to work more closely with them. Finally, consensus was reached at the MCM to open OECD accession discussions with Chile, Estonia, Israel, Russian Federation and Slovenia, and to further strengthen OECD co-operation with Brazil, China, India, Indonesia and South Africa¹¹ through enhanced engagement¹².

44. The aims of the agenda item on NMEs at the 2007 STESWP meeting were to:

- provide information to Member countries on the current situation with respect to short-term economic statistics in a small number of large and other relevant NMEs;

¹¹ The so called “BRIICS” NMEs.

¹² Enhanced engagement entails greater involvement through their active participation and involvement on OECD Committees, Working Parties, Expert Groups, etc., the OECD undertaking surveys of their economies, their adherence to OECD instruments and recommendations, data reporting and peer reviews.

- provide information on future processes for OECD enlargement and enhanced engagement in the context of statistics;
- promote discussion on the future evolution of short-term economic statistics in NMEs, their comparability, etc., and on Member country initiatives on globalization, etc.

Following a brief introduction to the topic by the OECD, presentations were given by: Instituto Brasileiro de Geografia e Estatística (IBGE) on Brazilian short-term economic statistics; the National Bureau of Statistics, China on the programme of reform of statistical programs and methodology of China; Instituto Nacional de Estadísticas (INE) on short-term economic indicators in Chile; and ROSSTAT on short-term economic statistics in the Russian Federation.

45. In the ensuing discussion there was continued interest in the inclusion in future STESWP agendas for presentations from NSIs in other NMEs on key issues related to short-term economic indicators and their future evolution. The OECD will also report on the outcomes of bilateral co-operation with large emerging and other NMEs within the Organisation's Program of Work and Budget. In order to provide more depth / detail it was also felt that future national presentations should cover only 3-4 key indicators and focus on their comparability with similar indicators disseminated by OECD Member countries. The Secretariat would consult with the NMEs concerned¹³ prior to the 2008 STESWP meeting.

I. INFRA-ANNUAL STATISTICS ON CAPITAL EXPENDITURE AND COMPANY PROFITS

46. The STESWP Secretariat considered the development of guidelines on infra-annual statistics on new capital expenditure and company profits as possible new areas for Working Party activity in the near future. A questionnaire was prepared by the Secretariat and sent to STESWP members in January 2007 to obtain summary information on national infra-annual quantitative statistics on private capital expenditures (including expected capital expenditures) and company profits that are used either as short-term indicators in their own right and/or as inputs to Gross fixed capital formation and Gross operating surplus respectively in the compilation of national accounts. The questionnaire also gauged national interest for future in these areas. 31 agencies from 26 member countries and from four NMEs replied.

47. For the 2007 STESWP meeting this was essentially an exploratory agenda item to discuss the results of the survey and gauge national interest in work on this topic over the next twelve months. To stimulate discussion at the meeting the OECD gave a brief outline of the results of the survey. This was followed by presentations from Belgium, Canada and Norway which provided national perspectives on measurement issues, information on user interest in survey outputs and how the data are used, internally and externally.

48. 42% (13 of 31) of agencies currently conduct surveys to collect infra-annual quantitative statistics and associated metadata on private new capital expenditure, and 36% (11 of 31) of agencies currently conduct survey on company profits. No agencies proposed to undertake new collection activity, etc., to obtain infra-annual quantitative statistics and associated metadata over the next two years, except possibly Canada. Fourteen agencies welcomed at least the inclusion of an item in the agenda for the June 2007 STESWP meeting to discuss the benefits and possibilities for further STESWP work to harmonise national practices. However, nine agencies said they would not welcome, and eight agencies did not comment.

¹³ Perhaps Estonia, Israel, Slovenia and South Africa.

49. In the ensuing discussion at the June 2007 meeting there wasn't strong interest in the Working Party pursuing this topic further at the moment, especially in the context of other, higher priority work.

J. OECD SHORT-TERM ECONOMIC STATISTICS TIMELINESS FRAMEWORK

50. The OECD *STES Timeliness Framework* website¹⁴ contains a collection of recommended practices used in OECD countries for improving timeliness, reducing costs of production and improving accuracy across all phases of the statistical production process for short-term economic statistics. The Framework was developed by the previous STESWP taskforce on timeliness and benchmarking and officially launched in September 2004, with updates being made in September 2005 and 2006 respectively.

51. Following a brief OECD presentation on the content of the Framework, its development and maintenance, etc., the main purpose of the brief discussion in June 2007 was to gauge Working Party interest in the continued updating of the Framework. There was continuing support for the further maintenance and updating of the contents of the *STES Timeliness Framework* and its closer integration with the newly established *Administrative Data Framework*. The OECD will pursue this and give a brief report on this issue at the 2008 meeting.

K. PRODUCER PRICE INDICES FOR SERVICES

52. This was an exploratory agenda item to gauge possible Working Party interest in future work on the development of international guidelines for the aggregation of producer price indices for services (SPPIs).

53. The main motivation for developing SPPIs in countries are the needs of national accounts where SPPIs are used for deflation purposes, and this was the principal focus in the recently published OECD / Eurostat *Methodological Guide*¹⁵ for *Developing Producer Price Indices for Services*. On the other hand, the Guide recognizes the use of SPPIs in their own right in monitoring the development of inflation or inflationary pressures in the economy in a similar way as CPI and other price indices. However, no discussion about the aggregation of SPPI series and their use in a macro-economic context is included in the Guide.

54. In practice, several countries have now established a large number of SPPI series at the detailed¹⁶ (generally equivalent to ISIC 4-digit) level but only some, mostly non-EU countries, aggregate these to form higher level price index series. The OECD undertook an informal information gathering exercise from some countries that currently aggregate their infra-annual SPPIs to find out the motivation for the aggregation and to what extent this was driven by user demand. This investigation revealed a mixed tendency between a strong user demand and current use of these aggregated PPIs to a less well established user base with the aggregation being a natural result of the need to summarise results in the aggregated categories of the classification.

¹⁴ Available at www.oecd.org/std/research/timeliness

¹⁵ See: <http://www.oecd.org/dataoecd/44/40/36274111.pdf>

¹⁶ See: http://www.oecd.org/document/43/0,2340,en_2649_34355_2727403_1_1_1_1,00.html

55. At the June 2007 STESWP meeting the OECD gave a presentation on back ground to this topic and a summary of feedback on national responses on issues raised in an OECD paper outlining possible future work in this area by the Working Party. This was followed by a presentation by the Bank of Japan on the compilation and usage of an aggregate SPPI in Japan. At the meeting delegates were asked whether they:

- considered that aggregated SPPIs are likely to have some value in their own right as national macro-economic indicators of inflation or inflationary pressures;
- supported the development of guidelines by the OECD in conjunction with national experts on recommended practice for the aggregation of SPPIs. Obviously, this would be co-ordinated with the Voorburg Group and Eurostat;
- would support the collection and aggregation of SPPI data by the OECD to be published as an experimental index.

56. In the discussion that followed national delegates expressed their general interest in this topic and that more focus should be given to the role of aggregate SPPIs in the framework of macro-economic statistics. The conclusion was that a small group should be formed to develop best practice guidelines for aggregating SPPIs which would be added to the current Methodological Guide. Issues to be addressed in the guidelines would include:

- choice of weighting variable (e.g. turnover vs value added);
- aggregation formula;
- coverage thresholds, % of weight vs % of coverage of (4 digit) industry components;
- imputation for missing industry components (sharing national experience on evolution of indices for different industry components could be important);
- relevance of aggregating across 1 digit level industries (What is the interpretation? How far can you go? Revisit weights?);
- type of analysis performed by users on the data, reflect this back to method and detail of aggregation.

57. The OECD would seek expressions of interest from those who wish to form part of this group in conjunction with Eurostat. The aim would be to present the guidelines for discussion at the Eurostat Short-Term Statistics Working Party, the Voorburg Group and possibly the STESWP in 2008.

L. DEVELOPMENT OF UNITED NATIONS GUIDELINES AND RECOMMENDATIONS ON DISTRIBUTIVE TRADE STATISTICS

58. The aims of this agenda item were two-fold:

- To advise Working Party members on detailed OECD input to the development of revised UN guidelines on distributive trade services over the last 12 months in order to identify any views / issues that STESWP as a whole may wish injected into the Expert Group meeting convened by the UN in New York in July 2007 to which the OECD had been invited. Most of the comments provided by the OECD so far had been incorporated into the revised draft text of the guidelines.

- More importantly, to discuss the benefits of more active co-operation between STESWP and the United Nations Statistical Division (UNSD) in the development of global guidelines and recommendations that touch on short-term economic indicators. It was expected similar OECD input to other international standards would be requested by the UN in future. This work would also complement co-operation STESWP currently has for a number of initiatives with both large emerging and other NMEs, and Eurostat.

59. In the discussion on these issues delegates supported the notion of more active future co-operation with UNSD and other UN agencies in the development of UN guidelines and recommendations that include short-term economic statistics on other domains / subjects. One of the issues raised in the context of such co-operation was the need to ensure that this work did not merely duplicate national contributions that agencies might make directly to UNSD and that there was sufficient “value-added” / benefits to any possible Working Party activities with the UN. In future:

- the Secretariat would inform national agencies of future requests from UN agencies; and
- seek input from Member countries and NMEs, as appropriate, on both strategic and specific substantive issues related to such work, either through written consultation or discussion at Working Party meetings.

M. POSSIBLE AREAS OF NEW WORK FOR STESWP

60. Other possible topics suggested by STESWP delegates at previous Working Party meetings comprised:

- graphical presentation of short-term statistics – demonstration of recommended practice(s);
- aggregation and comparison of geographic data;
- recent developments in data validation techniques;
- current national practices in the confidentialising of short-term statistics;
- PEEI¹⁷ type quality investigations for non-EU countries. The OECD could extend recent studies by Eurostat on IIP and retail trade which would involve the use of questionnaires to collect information on seasonal adjustment, coverage, sample size, non-response in non-EU countries.

61. Another possible topic that could be considered for future work by STESWP entails identification of new short-term indicator inputs required for the implementation of the SNA update after 2008 (e.g. statistics on research and development).

¹⁷ Principal European Economic Indicators