



**SHORT-TERM ECONOMIC STATISTICS WORKING PARTY (STESWP) MEETING, PARIS,  
26-28 JUNE 2006**

**DRAFT REPORT AND PROGRAMME OF FUTURE WORK**

1. The fifth meeting of the OECD Short-term Economic Statistics Working Party (STESWP) was held in Paris on 26-28 June 2006. The meeting was attended by 47 delegates from 28 OECD Member countries, India and China, 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, and staff from the OECD Secretariat. The agenda for the meeting, background information and final meeting papers are available on the meeting website<sup>1</sup>.

2. This brief report summarises the main issues discussed at the meeting and outlines the draft STESWP work programme for the next 12 months for your consideration and comment (refer Section K below). At this stage it is envisaged that the next plenary meeting of STESWP will be held in Paris on 25-27 June 2007. The agenda for the meeting will allow ample time for national presentations on emerging issues such as those outlined below in paras. 55-56 and for presentations and discussion on short-term economic statistics in large emerging economies (e.g. Brazil, China, India, etc.).

3. The first item on the agenda for the 2006 STESWP meeting was the election of members of the Working Party's first Bureau who will serve a two-year period of office with the possibility of re-election for a further two-years. The election followed consultation by the Secretariat across all Member countries on 13 December 2005. The following delegates from national agencies were duly elected by popular acclamation at the meeting.

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| Chair:      | Gian Paolo Oneto (ISTAT, Italy)       |
| Vice chair: | Symon Algera (Statistics Netherlands) |
| Vice chair: | Robin Youll (UK ONS)                  |
| Vice chair: | Thomas Zabelsky (US Census Bureau)    |

4. The focus of discussion at this years' STESWP meeting were documents and draft manuals, etc, that had been disseminated on 3 May 2006. These comprised<sup>2</sup>: material prepared by STESWP task forces on short-term indicators for services and administrative data; analysis of revisions for key short-term economic statistics; review of current methodologies used by countries for linking index of industrial production (IIP) historical time series; and the future evolution of short-term economic statistics collected and disseminated by the OECD and national agencies. The meeting agenda included a range of additional topics identified as priorities by national agencies in 2005. These comprised: the management of the introduction of revised classifications; a review of recent developments in the application of seasonal adjustment techniques in official statistics; the role of national statistical institutes in describing and

<sup>1</sup> Available at [www.oecd.org/std/STESWP2006](http://www.oecd.org/std/STESWP2006)

<sup>2</sup> Compilations of comments received on these documents from national agencies are available at the URL provided in footnote 1.

analysing short-term economic developments; the evolution of short-term economic statistics in large emerging non-member economies; and issues around the on-going maintenance of the *OECD Short-term Statistics Timeliness Framework* created in 2004<sup>3</sup>. Each of the nine substantive sessions comprised presentations by national agencies as well as the OECD Secretariat. The final session of the June meeting entailed discussion of options for future STESWP work.

5. Delegates strongly supported the finalisation of the work of the two existing task forces over the period July 2006 to June 2007 and the addition of new elements into the STESWP work programme. The work of the task forces will be largely completed in early 2007 and both will 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 task forces or the provision of appropriate input and comment at crucial periods over the coming 12 months on new emerging activities outlined below in this report.

6. The main elements of STESWP work over the next 12 months are:

- finalisation of the work of the task force on administrative data leading to the creation of a web-based framework;
- publication of the web-based *Main Economic Indicators Original Release Data and Revisions Database*, promotion of the database to the statistics producer and user communities, and the creation of a new task force to develop revisions analysis guidelines for consideration and endorsement by CSTAT. Expressions of interest from countries in contributing to such a task force are now invited;
- provide input as required to Eurostat work on the development of guidelines and recommendations on the implementation of revised classifications (especially ISIC Rev. 4 and NACE Rev. 2) in short-term economic indicators, specifically on aspects related to the linking and backcasting of time series.
- preparation of the publication version of the *Index of Services Production Manual* for approval by the OECD Committee on Statistics (CSTAT) by written procedure;
- continued care and maintenance of the *STES Timeliness Framework* at least to end 2007.

7. As for this year, papers and draft documents to be discussed at the next STESWP meeting will be sent to countries by 27 April 2007. 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 8 June 2007.

8. Finally, following the receipt and incorporation of comments by delegates from the 2006 meeting, this meeting report will be submitted to 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.

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<sup>3</sup> Refer footnote 7

## A. TASK FORCE ON ADMINISTRATIVE DATA FOR SHORT-TERM ECONOMIC STATISTICS

9. The task force on administrative data was established out of the 2004 STESEG meeting. During 2004-2005 a strategy for task force activities was finalised, various papers received from task force members, and an updated set of strategies discussed at the 2005 STESEG meeting. It was decided then that the task force should aim for two outputs:

- A dynamic web-based framework that would bring together administrative data issues faced by NSIs producing short-term economic statistics using, or about to use administrative data. As part of this output, STESEG members requested that this web-based framework should try and maintain consistency with the *STES Timeliness Framework* (refer Section G below).
- Using the web-based framework as a foundation, the task force was then asked to create a very small guide (or handbook) summarising best practice for national statistical institutes (NSIs) when using administrative data. In particular, the handbook should only focus on good practices when using administrative data in the compilation of short-term economic statistics.

10. The *Short-Term Economic Statistics (STES) Taskforce on Administrative Data: a Framework of Papers*, went live on the OECD website<sup>4</sup> on 24 March 2006. The framework currently contains 71 relevant administrative data papers from a range of NSIs and international organisations (out of a total of 80 received). The papers have been sorted into the seven broad categories primarily outlining the main uses of administrative data<sup>5</sup>. Each category is split into two groups indicating the papers' relevance to short-term economic statistics (STES), or not.

11. While the web-based framework is live it has not as yet been actively promoted or linked to any other OECD web pages. Active promotion of the framework will not be pursued until task force and STESWP members have provided comments on this first version and relevant improvements have been implemented to the satisfaction of the task force. This work is expected to be completed by spring 2007.

12. Over the last 12 months the task force also commenced work on the second output, the compilation of a brief handbook. However, investigations identified a wealth of existing handbooks on the use of administrative data that had already been compiled and published by Eurostat, the International Labour organisation (ILO), Statistics Finland, and Statistics Canada. Whilst these handbooks do not focus exclusively on short-term economic statistics they nevertheless provide information of relevance to short-term indicators. Given the existence of this material the task force asked STESWP to consider whether there was still the need for an additional OECD administrative data handbook. If the Working Party believed there is still a need for such an administrative data handbook then what should be its focus and valued added.

13. The need to reduce costs and minimise reporting burden were still regarded as being national imperatives in the compilation of short-term economic statistics. The expanded use of administrative data sources was seen as essential, though there is a common perception of the barriers to their extended use. In the 12 pages of written comments and during discussions at the 2006 STESWP meeting there was strong national agency support for the continued development of the framework as a tool for coalescing

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<sup>4</sup> Located at: <http://www.oecd.org/std/research/administrativedata>

<sup>5</sup> The seven categories comprise: direct use of administrative data in registers; sampling frame / non-response control / imputation / non-response structure; data or partial data substitution; data matching; quality, timeliness and coverage; quality control of administrative data; handbooks or general papers.

recommended practices in the actual use of administrative data by national institutes. However, the usefulness of the framework required continued national input in the form of additional papers reflecting the latest developments and applications in this area.

14. Working party discussion also covered a number of practical issues such as the inclusion of a search engine, the mechanisms for future updating (perhaps on an annual cycle preceded by a written request by the OECD for additional papers), the inclusion of work in this area by non-OECD countries, and the inclusion of non-English language papers (include, but only if accompanied by an abstract in English prepared by the source agency), and firming up the links / relationship to the *STES Timeliness Framework*.

15. Delegates also believed that a new handbook covering the same issues outlined in existing handbooks / guides would not be necessary. However, the framework should include highly visible links to existing handbooks and thought could be given to the compilation of a guide outlining any issues specific to the use of administrative data for the compilation of short-term economic statistics that are not already covered in existing handbooks. These could include issues such as: cautions and warnings on the use of administrative data for short-term statistics; impact on comparability / consistency with other indicators; and ex post experiences of countries using such sources for short-term indicators. This guide could take the form of a very brief paper publication or a specific adjunct to the web-based framework.

16. In terms of future work, the task force will:

- incorporate into the framework comments provided by STESWP delegates both in writing prior to the June meeting and those provided at the June meeting. Countries will again be invited to provide additional relevant papers. In addition, the task force will develop strategies for the promotion of the framework;
- develop a supplement to the framework on issues specific to the use of administrative data for short-term indicators. This could be either web-based or in the form of a paper document. National delegates are again invited to suggest additional issues that should be incorporated.

17. These tasks will be completed by end March 2007, after which the task force will be wound up. The final product will be presented to STESWP in June 2007 for final comment.

## **B. CREATION OF A REVISIONS ANALYTICAL DATABASE FOR KEY SHORT-TERM ECONOMIC STATISTICS**

18. The importance of understanding the impact of revisions on official statistics is highlighted by recent attention being paid to the magnitude and predictability of revisions by users of official statistics compiled by NSIs. This attention is one of the reasons why the International Monetary Fund's Special Data Dissemination Standards (SDDS) gives considerable prominence to the need for national agencies to develop a revisions policy that is both transparent (as to the underlying cause(s) of revisions) and consistent across the range of economic statistics compiled (both structural and short-term). Despite this recognised importance, to date few NSIs perform detailed revisions analysis on an on-going basis for their key economic indicators, as obtaining the necessary data and developing the programs required is a resource intensive task.

19. During the 2005 STESEG meeting the OECD presented plans to establish a revisions analytical database, initially for GDP and its expenditure components, covering all OECD countries for the period 1995-2005. There was strong interest in this work, in particular, for an extension of the database to include other key short-term economic statistics such as the IIP. In the ensuing months the OECD developed the

*Main Economic Indicators Original Release Data and Revisions Database*<sup>6</sup>. This facility allows both users and producers of official statistics to study the magnitude and direction of subsequent revisions and for economists to test the likely effectiveness of econometric models in simulated real-time. The facility provides access to an interface containing:

- full time series as far back as 1960 in some cases for 21 key economic variables as originally published in each monthly edition of the OECD's *Main Economic Indicators* (MEI) CD-ROM from February 1999 onwards for OECD countries, the euro area, Brazil, China, India, Russian Federation and South Africa;
- access to comprehensive revisions analysis studies performed by the OECD for GDP, IIP and retail trade volume;
- automated programs and a detailed user guide allowing users and producers of official statistics to perform their own revisions analyses;
- information on the reasons for revisions, together with recommended practices to aid producers of official statistics in establishing a transparent revisions policy for economic statistics.

20. STESWP delegates were asked to provide comment on a paper despatched in early May 2006 containing detailed revisions analyses for IIP compiled in OECD Member countries and major non-member economies (NMEs). The focus of comments received was the need for any such analyses to be accompanied by the reason(s) for the revisions<sup>7</sup>. The revision analyses for IIP was again presented and discussed at the June meeting, together with results of a similar analysis for Retail trade volume and a demonstration of the new on-line database. NSIs are now invited to provide comment on the reasons for revisions to Retail trade volume as shown in the latest OECD analysis<sup>8</sup>. The UK ONS and the ECB also presented their recent work on revisions analysis. Such analyses were seen as an essential aid that will enable users to study the magnitude and direction of revisions to published statistics and for producers to enable problems to be identified and improvements to be made. In the ensuing discussion there was general support on the need for NSIs to conduct such analyses themselves, particularly in the context of a broader revisions analysis strategy.

21. Future work by the OECD will entail the promotion of the database in order to make NSIs aware of its existence and to reiterate the importance of developing an on-going and transparent revisions analysis strategy that could further enhance the credibility of the short-term indicators they produce. The results of this promotion will be presented at the 2007 STESWP meeting. NSIs are now encouraged to perform their own revisions analysis using the tools provided<sup>9</sup> at <http://stats.oecd.org/mei/default.asp?rev=1>. Countries could also present any analyses they conduct at future meetings.

22. With respect to STESWP it is proposed to create a new task force to develop guidelines and recommendations on issues such as:

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<sup>6</sup> Available at <http://stats.oecd.org/mei/default.asp?rev=1>

<sup>7</sup> Many countries also provided reasons for revisions to their IIP which will be included with the results of the analyses on the OECD website.

<sup>8</sup> See: [http://www.oecd.org/document/7/0,2340,en\\_2649\\_34239\\_37088263\\_1\\_1\\_1\\_1,00.html](http://www.oecd.org/document/7/0,2340,en_2649_34239_37088263_1_1_1_1,00.html) . All comments should be sent to [richard.mckenzie@oecd.org](mailto:richard.mckenzie@oecd.org)

<sup>9</sup> The detailed user manual provided with the database has been independently tested and enables a statistician to perform a comprehensive revisions analysis within 1-2 hours per variable per country.

- the best way of presenting information on revisions with published data;
- recommended metadata to be provided with the results of revisions analysis to support user needs;
- how to break down the revisions according to the main sources of information (e.g. late data, changes in seasonal factors);
- the most robust measures to interpret short-term movements given the impact of revisions;
- how to use the results from revisions analysis studies to identify improvements that could be made in the estimation / compilation process.

These recommendations would be discussed at the June 2007 STESWP meeting and subsequently presented to CSTAT for endorsement, together with an overarching recommendation establishing the need for countries to adopt an on-going and transparent revisions analysis policy.

23. Expressions of interest from countries in contributing to such a task force are now sought.

### **C. MANAGEMENT OF THE INTRODUCTION OF REVISED CLASSIFICATIONS**

24. 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 the 2006 STESWP meeting. The inclusion of the related issue of linking stems from the high importance economists and analysts attach to maintaining long time series of economic statistics to enable effective empirical analysis. Time series continuity requires a continuous series of observations compiled on the basis of standard methods and observations. However, in order to ensure that official statistics keep pace with changes in economic structures and business activities the introduction of changes in classifications, etc., is inevitable.

25. The introduction of new classifications is a costly process and resource constraints require national agencies to make considered decisions on issues such as:

- the overall method to be applied – macro v. micro methods;
- how far back previously released series are to be revised, the extent of dual coding ,etc; and
- the level of classification and geographic disaggregation at which series are backcasted

A presentation given by the US Bureau of Census on the introduction of the North American Industrial Classification (NAICS) in the 1990s, exemplified the types of decisions required. Given the lack of clarity in existing international guidelines in these areas there are considerable differences in agency policy and methodologies applied in the introduction of new classifications and, in particular, methods used to link time series. In the absence of a corporate approach to these issues these differences frequently exist even across different statistical domains within the one national agency. At the international level, such differences complicate comparability between countries and the compilation of zone aggregates by the OECD, Eurostat, etc.

26. With regards to linking, a recent review by the OECD for the IIP published in the Organisation's *Main Economic Indicators* (MEI) database shows extreme variation in the length of time series currently published by NSIs in OECD countries. Such variation is a reflection of differing national practices, policies and philosophies, especially with regards to index compilation methodology, linking and backcasting. In summary, the review found that:

- countries are using a wide variety of index compilation methodologies to construct the IIP;
- some countries choose to link different segments of historical data to form long time series, others provide medium length time series with fixed weights and others very short time series in accordance with the most recent base year (e.g. on or near 2000);
- index compilation methodology concepts are not well understood, as many countries describe their indices as ‘Laspeyres’ when in fact a closer analysis reveals they are simple fixed weight indices which in general should not be used<sup>10</sup>.

27. Given the importance they attach to long time series, users, when faced with short time series will frequently either attempt to recreate long series themselves or use alternative sources where such linking has been performed. This increases the risk of the application of inappropriate linking methodologies and leads to different user groups using different versions of the same time series for their analyses, which may ultimately affect the outcomes of such analyses. Ideally only one official source for the full possible length of key economic time series – compiled using internationally agreed recommended practice – should exist.

28. Different policies of national statistical institutes with regard to maintaining long time series and requirements of the European Union Short Term Statistics Regulation are cited as two possible reasons for the short times series currently published by many countries. Also, a lack of international guidelines on recommended practices for compiling indexes and linking time series of short-term economic statistics such as the IIP is a possible reason for the wide range of methodologies used, including the use of non-recommended practices in some countries. The OECD paper recommended the development of a set of recommendations and guidelines on index methodology for compiling and linking indexes of short-term economic statistics. Such recommendations also include:

- the formulation of a basic set of terminology for backcasting and linking;
- definitions of different index types, their advantages and disadvantages;
- advice on the frequency for updating weights;
- overview of different linking methods, their strengths and weaknesses;
- advice on matching NSI policy with a preferred index compilation methodology. This would include issues such as the need for consistent practices (where appropriate) across different indicators disseminated by the same agency;
- compilation of required metadata outlining national practices for specific indicators, both with respect to backcasting, linking and index compilation methodology;
- summarising with a set of A (optimal), B (alternative) and C (not to be used) methods for compiling indexes and linking in the production of long time series.

29. 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 and backcasting was supported by

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<sup>10</sup> If one fixed set of weights are used for the entire time series, then the series becomes unrepresentative the further it is constructed back in time prior to the current base year.

national agencies, both in their written responses to the OECD paper and during discussion at the June 2006 STESWP meeting. However, the need for future STESWP work in these areas to be co-ordinated with related activities by Eurostat was also stressed. The development of such guidelines is a high priority issue for Eurostat whose aim is to encourage countries to adopt common approaches to the implementation of NACE Rev. 2 over the next three years. To this end, a Eurostat task force is currently in the process of developing a set of guidelines and recommended practice concerning the backcasting of indicators (and specifically index numbers) compiled in the new classification. Discussions to date have indicated that some EU countries may have problems backcasting beyond 2000. The OECD will contribute to the work of the Eurostat task force. The formulation of a set of guidelines on series linking would be an extension of the output from the Eurostat task force referred to previously, especially with respect to the inclusion of input from non-EU OECD Member countries.

30. With respect to future STESWP activities on classification implementation and time series linking and backcasting, the outcomes / recommendations of the Eurostat task force will be presented and discussed at the June 2007 STESWP meeting. If necessary, the creation of a new STESWP task force to work specifically on linking (i.e. on the issues outlined in para. 29 above) will be considered.

#### **D. REVIEW OF RECENT DEVELOPMENTS IN THE APPLICATION OF SEASONAL ADJUSTMENT TECHNIQUES**

31. Feedback from STESWP delegates at the 2005 meeting indicated that issues relating to seasonal adjustment are still a high priority for the Working Party and the aim of the non-technical discussion in June 2006 was to identify what further guidelines need to be developed 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* 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.

32. During the discussion at the June 2006 meeting, Eurostat emphasized the need for harmonized seasonal adjustment practices to enable the compilation of EU and euro area zone aggregates. The STS Regulation specifies the provision by countries of both non-seasonally adjusted and adjusted series. Currently, member states do not use the same seasonal adjustment packages (primarily X12 ARIMA and TRAMO-SEATS). However, a bigger problem is that there are considerable differences between countries in the choice of seasonal adjustment options each package offers and as a result there are differences for some indicators between Eurostat and nationally produced seasonally adjusted series.

33. Eurostat has recently reactivated their Seasonal Adjustment Task Force with the aim of standardising seasonal adjustment practices within Eurostat, improving the tools available within the organization, and to tackle the more difficult task of facilitating the convergence of member state seasonal adjustment practices through the formulation of recommendations on the seasonal adjustment options appropriate to each series. Eurostat has also recently commissioned the Hungarian Central Statistical Office to compile a Handbook on Seasonal Adjustment which will provide: an historical review; glossary;

an overview of seasonal adjustment practices currently used by EU states; recommended methods and practices; quality aspects of seasonal adjustment. The Handbook is expected to be published by January 2007 following a technical workshop to be held in autumn 2006.

34. In the ensuing discussion at the 2006 STESWP meeting, delegates emphasized the need to avoid any duplication of any future Working Party activities in this area with those currently underway in Eurostat (as well as by other agencies such as the US Bureau of Census and the Bank of Spain). To this end, 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. The OECD would act (if necessary) as a conduit with respect to non-EU OECD Member countries. The progress of the Eurostat initiatives will be discussed at the June 2007 STESWP meeting.

## **E. ROLE OF NATIONAL STATISTICAL INSTITUTES IN DESCRIBING AND ANALYSING SHORT-TERM ECONOMIC DEVELOPMENTS**

35. NSIs have been discussing for some time as to whether or not their activities 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). The main aims of this agenda item for the 2006 STESWP meeting were to consider:

- Whether countries have already initiated or are intending to initiate more analytical statistical outputs? What are the nature of these activities?
- The boundaries of such activities and what political tensions exist / could exist, as NSIs move from their more traditional roles of data collector / disseminator. Is the move towards an extended role being driven / motivated from within the organisation or is the NSI under external pressures / influences to do so?
- 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 the issue one of merely exchanging ideas, recent innovations, identifying best practice?

36. To stimulate discussion on this topic national presentations were given by the UK ONS, Statistics Netherlands and INSEE.

- The ONS presentation covered the UK's generally guarded experience in analysing short-term economic statistics, where high importance is attached to maintaining the focus on objectivity / integrity and political neutrality. In this context the emphasis was on the provision of an information service rather than a news service and analyses presented tended to be formulaic with occasional snippets of anecdotal information. The ONS rarely attempted to provide broader interpretation or information on causality.
- Statistics Netherlands presented their recently developed *Business Cycle Tracer* which is intended as a tool to facilitate the analysis of medium-term economic developments across an array of socio-economic statistics which aim to characterise economic conditions in the Netherlands. The *Business Cycle Tracer* clarifies the state of the indicators by focusing on the business cycle component of their development through use of an easy to interpret graphical representation.

- INSEE outlined their current work in both the dissemination of statistics and analysis. The primary tool for the latter work was the *Daily Economic Monitor* which in an on-line facility providing daily updates of key indicators (both quantitative and qualitative) broken down into 11 sheets containing 56 graphs. The *Monitor* contains a number of quantitative tools specifically designed for analytical purposes, e.g. business cycle turning point indicators, factor analysis.

37. The range of national experiences presented were indicative of the types of developments taking place in many countries with regard to the development of more innovative approaches to presenting short-term statistics in ways to reach wider audiences – such as the Netherland’s *Business Cycle Tracer* or INSEE’s factor analysis. In the ensuing discussion 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 the 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.

38. There was considerable discussion and interest from national delegates on these issues though no specific future activities for STESWP were identified by way of the possible development of recommended practices in describing and analysing short-term economic developments. However, 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.

## **F. EVOLUTION OF SHORT-TERM ECONOMIC STATISTICS IN LARGE EMERGING NON-MEMBER ECONOMIES**

39. The growing economic significance of the large emerging non-member economies (NMEs) of Brazil, China, India, Russian Federation and South Africa (BRICS) and their emergence as key players in the global economy have become even more pronounced over the last two years. It is therefore essential to improve the availability, methodological transparency, quality and international comparability of statistics for these economies. Within the OECD the increased level of interest in the short- and long-term evolution of these economies has been driven by Member country governments, and the OECD governing Council recently approved their regular observership status in the OECD Committee on Statistics (CSTAT). The purposes of such involvement in CSTAT and its subsidiary bodies including STESWP are to:

- improve the availability, quality and international comparability of statistics produced by national sources both in OECD countries and NMEs;
- avoid divergence in statistical standards used by OECD countries and NMEs; and
- involve statistical authorities in NMEs in multilateral statistical policy dialogue.

40. The aims of this agenda item at the 2006 STESWP meeting were to:

- provide information to Member countries on the current situation with respect to short-term economic statistics for large NMEs, in particular, those for China and India;
- gauge member country priorities with respect to the identification of key short-term statistics, etc., and the role that STESWP could possibly play in this area.

The session commenced with a number of OECD presentations outlining work to date in the collection and dissemination of short-term economic statistics and metadata for the BRICS, focusing on the current status of knowledge of short-term economic statistics in China from an OECD perspective. The latter presentation touched on issues of comparability and methodological transparency. These were followed by national presentations by the Chinese National Statistics Bureau and the Indian Central Statistical Bureau on current and future developments in (key) short-term economic statistics.

41. The growing interest in statistical developments (particularly on short-term indicators for the emerging services sector, trade and labour force statistics) in these countries was reflected in the discussion following the national presentations. The OECD papers and subsequent discussion emphasized the need for even greater methodological transparency and timely access to key indicators compiled in both India and China. Although a recent CSTAT consultation pointed to only limited involvement of Member countries specifically in the area of short-term statistics in those countries in the recent past, current and near future (restricted to Finland, Germany, New Zealand, United Kingdom and the United States) there was strong support for the participation of these and the other BRICS countries in future meetings of STESWP, in particular, their active involvement in the Working Party's discussions.

42. In this context, provision will be made in the agenda of future STESWP meetings for similar presentations from NSIs in other BRICS countries as well as on the continued developments in key short-term economic statistics in China and India, including technical co-operation projects with NSIs in Member countries. The OECD will also report on the outcomes of bilateral co-operation with emerging large NMEs within the Organisation's Program of Work and Budget.

## **G. OECD SHORT-TERM ECONOMIC STATISTICS TIMELINESS FRAMEWORK**

43. The OECD gave a brief presentation on the usage of the *STES Timeliness Framework*, a website<sup>11</sup> containing a collection of good 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. Current usage of the Framework, which was developed by the previous STESEG taskforce on timeliness and benchmarking and officially launched in September 2004, has fallen off over recent months, though it is still widely used as indicated by web-trend statistics generated from the OECD website.

44. The main issue discussed during the 2006 STESWP meeting was whether the declining use of the Framework warranted its continued maintenance. Similarly, did the lower response from NSIs to the OECD request for new relevant papers for the 2006 update of the Framework indicate that less work is being done to improve the timeliness of short-term economic statistics?

45. In the ensuing discussion there was strong support for the continued maintenance and updating of the contents of the *STES Timeliness Framework* and that STESWP should play an ongoing role in its continued promotion. As a result, the framework will be updated in September 2006 and in 2007 based on submissions received from countries following requests for new material. However, the situation regarding continued maintenance beyond then will be reviewed at the end of 2007. In addition, the OECD will investigate the possibility of preparing an overarching web-page linking the timeliness framework to the administrative data framework now being developed.

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<sup>11</sup> Available at [www.oecd.org/std/research/timeliness](http://www.oecd.org/std/research/timeliness)

## **H. TASK FORCE ON SERVICES – DEVELOPMENT OF THE INDEX OF SERVICES PRODUCTION MANUAL**

46. The aim of this agenda item was to present the third draft *Index of Services Production (ISP) Manual* to the Working Party for final comment. This draft was dispatched to delegates in early May 2006. The OECD also presented an experimental ISP for the information, communication and technology (ICT) industry for France. This index was compiled as a means of evaluating the practicability and usefulness of the Manual by applying its guidelines and recommendations to the actual compilation of an ISP.

47. In comments received both before and during the June 2006 meeting, the recommendations in the draft Manual were considered to be useful, well documented and sufficiently detailed. The Secretariat will revise the text to reflect comments suggested by delegates. The main ones were to add a discussion on the aggregation of indices if no weighting scheme is available and to investigate the possible inclusion of examples and national practices from other countries (OECD will need to contact agency heads). Delegates also feel that the Manual should discuss issues on collecting basic information, balancing between accuracy and timeliness, treatment of sectors with multiple activities. At the same time, the existing text on linking / benchmarking methods will be reviewed and revised if it is appropriate for the Manual to deal with more detailed discussion on the issues. These suggestions will be incorporated over the period July – December 2006 and the draft submitted to CSTAT for final approval by written procedure in January 2007. The Manual will be published on the OECD website (initially) and in a subsequent paper publication during 2007, subject to the approval of CSTAT. The Task Force on Services, having done its job will be formally wound up at the end of 2006. A revised version of the draft Manual will also be presented at the 2006 meeting of the Voorburg Group for further comment.

48. Emphasis will now move to the possible implementation of the Manual by national agencies. The presentation given by the OECD on the experimental index for the French ICT industries demonstrated the possibilities for implementation, though of course the lead / initiative would need to be taken by national agencies as they have access to more detailed information. In this regard, the OECD would be happy to provide some support. During the discussion on the draft Manual, Eurostat expressed interest in the development of ISP-type short-term statistics by EU member states – turnover data for key services sectors are now available for most EU states from 1998. Eurostat also advocated greater dialogue between branch statisticians and national accountants at the country level to identify possibilities for greater synergies in this area. Countries mentioned that the main barrier to the development of ISPs were the absence of suitable PPIs for services.

49. Given existing resource constraints and the need to minimise reporting burden, countries believed that the compilation of any new inputs required for the production of an ISP would require either a reallocation of resources, etc., from existing statistical collections, e.g. from the manufacturing or agricultural sectors, or the wider use “cheaper” alternative input series (such as administrative data, existing labour market sources, etc.). To achieve such a reallocation it would be necessary to elevate the discussion to NSI heads, possibly at CSTAT and other similar strategic forums. With further application of the Manual by countries in future, it is possible that revisions to the web version could be made in subsequent years to incorporate additional experiences at the national level, particularly with regard to specific uses of alternative input series.

## **I. FUTURE EVOLUTION OF SHORT-TERM ECONOMIC STATISTICS COLLECTED AND DISSEMINATED BY THE OECD AND NATIONAL AGENCIES**

50. This agenda item was intended by way of a lead-in to the last Session on the STESWP agenda for this years’ meeting covering future work for the Working Party over the next twelve months. The session

commenced with a brief discussion on processes and tools (such as the MEI list of target indicators) used to determine the future content / evolution of MEI, and an outline of the results of the national consultation on the evolution of short-term economic statistics in Member countries. More specifically, this consultation sought national views / perspectives current / future developments in how they publish short-term indicators, e.g. whether they will continue with domain specific publications as most do at the moment, develop compendium publications covering a range of indicators, make greater use of the Internet, provide more analytical text, or make greater use of graphical presentations in lieu of statistical tables.

51. The consultation showed that there are similar discussions at the national and international levels driving the evolution of short-term economic statistics, i.e. the need to ensure the provision of relevant statistics (such as those for services), timely statistics that are produced within the limitations of available resources with minimal reporting burden on data providers. It was no surprise that for most of the EU Member states the evolution of short-term statistics is largely driven by the requirements of the STS Regulations (1998 and 2005), though there are also needs of key national users, primarily those of lifeline users in government. If EU indicators were not relevant for national use countries often used “next best” solutions that were commensurate with Regulation requirements. For non-EU countries the needs of key national users in government have high priority.

52. During the consultation and in discussions at the Working Party meeting in June 2006, the national specific needs mentioned were:

- development of regional statistics such as gross value-added;
- wage and employment indicators for services / industry;
- wage indicators for the public sector;
- short-term economic statistics for the financial sector;
- expansion in the range of data for free dissemination on the Internet;
- expansion of on-line databases - these are currently very heterogeneous in terms of format, content and the provision of metadata.

In the 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.

53. Finally, the OECD mentioned that the MEI paper publication which was first published about 45 years ago, will be substantially revised over the next two years. The changes envisaged for the MEI paper publication covered issues similar to those currently being considered by national agencies such as:

- 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;
- possible reduction in the amount of data disseminated in tabular form, greater use of graphical presentation;

- expansion of free Internet dissemination;
- possible inclusion of analytical text.

54. Given the level of national interest in these issues (as shown by the rich discussion for the agenda item on the role of national statistical institutes in describing and analysing short-term economic developments – refer Section E above) and the need for the indicators disseminated by the OECD to be consistent with those published by NSIs, the OECD would welcome the receipt of national comments / suggestions on proposals for the MEI once they have been formulated towards the end of 2006. One idea would be for the MEI to play a greater role / catalyst in international comparisons of short-term economic statistics across EU and non-EU countries, identifying departures from existing international guidelines, improving the dissemination of short-term statistics, etc. For example, countries may themselves want to make greater use of MEI data to show international comparisons within their own publications, websites, etc. National views on how this could be facilitated would be welcomed, in particular, when initial proposals for the revision of the MEI paper publication are disseminated for comment later this year.

## **J. POSSIBLE AREAS OF NEW WORK FOR STESWP**

55. Other possible topics suggested by STESWP<sup>12</sup> delegates at the 2004 and 2005 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;
- PEEI<sup>13</sup> 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.

56. Other possible topics that could be considered for future work by STESEG include: identification of new short-term indicator inputs required for the implementation of the SNA update after 2008 (e.g. statistics on research and development); the development of recommendations for short-term indicators for investment through direct collection of capital expenditure data.

57. Your views on these options for new areas of work and an indication of priorities from your perspective would be very welcome in your comments to this report (refer [paras. 58 – 60](#) below).

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<sup>12</sup> A number of other topics were suggested that are probably more appropriate for other forums, organised by the OECD with other organisations such as the European Commission and Eurostat, or other groups such as the Paris Group on Labour and Compensation Statistics. These topics include owner-occupied housing in CPIs, measurement of asset prices, PPIs for services, development of methods to estimate or forecast industrial production using business tendency survey data, short-term labour input statistics for productivity measurement.

<sup>13</sup> Principal European Economic Indicators

## K. STESWP WORK OVER 2006-2007

58. In conclusion, your views are sought on the STESWP work programme proposed for 2006-2007. This programme entails:

- finalisation of the work of the task force on administrative data leading to the creation of a web-based framework for final comment at the June 2007 STESWP meeting;
- publication of the web-based *Main Economic Indicators Original Release Data and Revisions Database*, promotion of the database to the statistics producer and user communities, and the creation of a new task force to develop revisions analysis guidelines for consideration and endorsement by CSTAT following discussion at the June 2007 STESWP meeting. Expressions of interest from countries in contributing to such a task force are now invited;
- provide input as required to Eurostat work on the development of guidelines and recommendations on the implementation of revised classifications in short term statistics and on backcasting.
- preparation of the publication version of the *Index of Services Production Manual* for approval by the OECD Committee on Statistics (CSTAT) by written procedure;
- continued care and maintenance of the *STES Timeliness Framework*, at least to end 2007.

59. The following additional items are also proposed for inclusion in the agenda for the June 2007 STESWP meeting:

- report on progress of Eurostat initiatives in the development of guidelines, etc., on seasonal adjustment (refer [para. 34](#) above);
- report on Eurostat task force recommendations on the implementation of revised classifications. Discuss the need to establish a new STESWP task force to develop more detailed recommendations (if necessary) on time series linking (refer [para. 30](#) above);
- recent national developments / innovations in the presentation of short-term indicators, their dissemination, and the development of analytical tools aimed at broadening the user community (refer [para. 38](#) above). This item could include development of the MEI paper publication and the possible use of MEI as a catalyst for improvements in international comparisons of short-term economic statistics across EU and non-EU countries, identifying departures from existing international guidelines, improving the dissemination of short-term statistics, etc – refer [para. 54](#) above;
- presentations on the evolution of short-term economic statistics in emerging large non-member economies such as Brazil, Russian Federation and South Africa as well as on continued developments in key indicators in China and India. Countries could also report on any technical co-operation projects with those countries – refer [para. 42](#) above.

60. The OECD would also be interested in obtaining your views / thoughts and relative priorities on the possible topics outlined above in [paras. 55 - 56](#) for new STESWP work and / or for national presentations at the June 2007 STESWP meeting. 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.

61. To enable the finalisation of the STESWP work programme just after the end of summer, your views on the above are sought by **29 September 2006**.

62. 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.

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