

# Labour market statistics: labour cost index

2001/0166(COD) - 03/02/2015 - Follow-up document

The Commission presented a report on the implementation of Regulation (EC) No 450/2003 of the European Parliament and of the Council concerning the labour cost index (LCI).

**Aims of the LCI and amending Regulations:** Regulation (EC) No 450/2003 concerning the labour cost index establishes a common framework for the production and provision to the Commission of comparable labour cost indices by Member States.

This Regulation has been amended on several occasions:

- in July 2003: Regulation (EC) No 1216/2003, setting out in greater detail the procedures that Member States must follow when sending their indices to the Commission, the seasonal adjustments to be made to the indices and the content of the national quality reports;
- in March 2007: Regulation (EC) No 224/2007 amending Regulation (EC) No 1216/2003 and extends the scope of the labour cost index to cover the economic activities of non-market services;
- in August 2007: Regulation (EC) No 973/2007 which amended a number of regulations on specific statistical domains, including the labour cost index, in order to be able to implement the statistical classification of economic activities set out in NACE Revision 2.

**Objectives of the report:** pursuant to Article 13 of Regulation (EC) No 450/2003, the Commission must submit a report to the European Parliament and the Council every two years. The report should, in particular, examine the **quality of the labour cost index data**.

This report focuses on:

- the relevance of the data,
- its accuracy,
- the punctuality of delivery of data,
- its accessibility and clarity,
- its comparability, consistency and completeness.

This report will therefore focus on improvements made in relation to **relevance and coverage, and will address the issues of the consistency of the data** with national accounts data and the comparability of working-day adjusted data. Particular attention is given to the problem of data not being provided by Member States within the deadlines set, and the consequences of this for the quality of the published European aggregates.

**In general, the availability and quality of the labour cost index has continued to improve.** Seasonally adjusted data are now available from all Member States except Ireland and Croatia. National quality reports for the reference year 2013 were provided by all Member States except Greece and Croatia, and have been made available to the public.

**Consistency of data:** one of the areas that continues to receive attention is the consistency of the labour cost index with other statistics on labour costs, in particular the quarterly national accounts data. This has been analysed from both a theoretical and an empirical point of view and the results have been discussed with Member States. Moreover, the Commission (Eurostat) will organise a workshop with Member States in 2015 at which they will assess and try to further improve the overall quality of statistics on labour costs.

The Commission (Eurostat) has also improved the availability of estimates of hourly labour costs by publishing **averages for a one-year period** that are largely based on the labour cost index and can be produced soon after the end of the reference period. As a result, national annual labour cost statistics, which used to be collected under a gentlemen's agreement, are no longer being provided by Member States for publication by the Commission.

**Other main conclusions:** overall, the quality of the labour cost index has continued to improve since the previous report (see the summary dated 12.02.2013). The improvements in Member States' punctuality in delivering data and in the completeness of the data are particularly noteworthy. Moreover, the full availability of aggregates has added to the overall usefulness of the labour cost index.

User needs are being better met thanks to the publication of yearly estimates of labour costs based on labour cost index data. **Delivery of data by Member States is close to satisfactory.** With the exception of Greece, no country was systematically late in providing data to the Commission.

In recent years, the Commission (Eurostat) has regularly urged Member States to make greater efforts to conform to requirements in this area. The Commission will continue to monitor as-yet-unresolved issues relating to non-compliance and data quality on a regular basis, using the data delivered and other national documentation, including quality reports. Where no or insufficient improvement is seen, the relevant national authorities will be approached and the Commission will take the necessary measures to enforce compliance.