
***PART FOUR:
THE HARMONISED EUROPEAN PROGRAMME
OF BUSINESS AND CONSUMER SURVEYS***

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The Harmonised European Programme of Business and Consumer Surveys (hereafter: “Harmonised Programme”) is administered by the European Commission (Directorate-General for Economic and Financial Affairs [DG-Ecfin], based in Brussels). It is the framework for organising the harmonisation of European business surveys. It defines very comprehensive rules concerning the content of harmonised questionnaires (including precise wording of questions), frequency, sectors covered, survey periods, publication dates, and so on. The producer institutes participating in the program have committed themselves to following these rules in an agreement signed with the Commission¹.

4.1. - INSEE surveys concerned and Member States

4.1.1. - Surveys concerned

4.1.1.1. - Sub-annual surveys

The Harmonised Programme currently concerns the following seven sub-annual business surveys conducted by INSEE:

- manufacturing (current situation and outlook);
- two INSEE surveys of the construction industry (building and public works);
- retail trade (current situation and outlook);
- services (current situation and outlook);
- industrial investment (i.e., in the manufacturing industry);
- household survey (or “consumer survey” in EU terminology).

4.1.1.2. - *Ad hoc* surveys

At the request of the European Commission, some *ad hoc* surveys may be carried out by institutes producing business surveys that are members of the Harmonised Programme.

For example, an *ad hoc* survey on the growth and job-creation outlook in the EU is executed simultaneously in several Member States every five years². The main questions of the *ad hoc* survey for the “enterprises” sector (manufacturing, retailing, and services)³ concern workforce size, employment situation in the enterprise, working-time structure, and total operating hours, as well as changes in operating hours.

¹ For more details on the Harmonised Programme, see *European Economy*, “Reports and Studies” (1997). Most European organisations producing business surveys are not national statistical institutes. That is why business surveys have not been included in the 1998 European regulation on short-term statistics.

² The latest *ad hoc* survey was processed in June 2004. For more details on these *ad hoc* surveys, see *European Economy*, “Reports and Studies” (2000).

³ The survey also includes a “households” section, which, at INSEE, is linked to the Institute’s Labour-Force Survey.

4.1.2. - Countries participating in the Harmonised European Programme of Business and Consumer Surveys

All twenty-five Member States of the European Union (EU) participate in the Harmonised Programme. They include the fifteen older Member States (Austria, Belgium, Denmark, Finland, France, Germany, Greece, Ireland, Italy, Luxembourg, the Netherlands, Portugal, Spain, Sweden, and the United Kingdom) plus the ten countries that officially joined the EU in May 2004 (Czech Republic, Cyprus, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Slovakia, and Slovenia). The ten new Member States actually took part in the Harmonised Programme for several years prior to accession. The EU25 have been joined by two other countries of eastern Europe (Bulgaria and Romania) that now conduct their business surveys using the methodology of the Harmonised Programme.

Member States participating in the Harmonised Programme are represented by one or more institutes producing business and/or consumer surveys selected by the European Commission on the basis of their responses to its five-year calls for bids to produce business and consumer surveys. In France, INSEE is in charge of all the harmonised national surveys. In other EU countries, the surveys can be carried out by public or private organisations specialising in short-term surveys or, more generally, in economic analysis⁴.

4.2. - Results sent to European Commission

The sectoral results forwarded monthly to the European Commission by Member State institutes in charge of building surveys cover past turnover, production constraints, order books, and expected workforce size and prices.

The data supplied are the percentages of positive responses (% +), the percentages of intermediate responses (% =), and the percentages of negative responses (% -) to each question, by sector⁵. From these series, the Commission calculates the opinion balances, which it seasonally adjusts by means of a dedicated software programme (*DAINTIES*) that differs from the programmes more commonly used by Member States (*X11-ARIMA* and *TRAMO-SEATS*). This may generate discrepancies—which, as a rule, are modest—between the seasonally adjusted balances published by INSEE (in particular) and the Commission.

As the data of a Survey m are systematically reprocessed at the time of the following Survey ($m+1$), INSEE communicates the preliminary results of the latest Survey and the final results of the previous Survey each month. European institutes producing business surveys do not revise necessarily their figures from month to month.

4.3. - European classification of economic activities

The European classification of economic activities is obtained by aggregating primary strata defined by means of the NAF classification.

The activity groupings used to aggregate the results sent to the Commission are as follows⁶:

- Building
 - Dwellings
 - Other buildings
- Public works (civil engineering)
- Total construction.

⁴ Two examples are IFO in Munich for surveys of German enterprises (including the Building Survey) and ISAE in Rome for Italian surveys. There are also National Statistical Institutes (such as INSEE, for France) and central banks (Belgium).

⁵ The sectoral breakdown of the results sent to the European Commission is given in §4.3.

⁶ When France switched to the NAF classification in 1999, backward-extrapolated series were transmitted to the Commission.

4.4. - Business-survey results published by the European Commission

Every month, the Commission publishes the main results of the business surveys of the twenty-five EU Member States for each country, for the entire EU, and for the euro zone. The “France” rows reproduce the results of INSEE surveys, after a special restatement by the Commission to achieve greater homogeneity at the European level. This includes the application of a common seasonal-adjustment method: see §4.2.

The publications in the *Business and Consumer Survey Results* series are combined into a single booklet of about twenty pages available—only in English—on the Commission website⁷.

- The first pages of these publications describe and comment on the recent trends in the Commission’s overall Economic Sentiment Indicator (ESIN) and its components: the business sentiment indicators in industry (manufacturing), construction, the retail trade, and services, as well as the consumer confidence indicator. These are monthly composite indicators based on results of business and consumer surveys forming part of the Harmonised Programme. They are compiled using a simpler method than the common-factor method favoured by INSEE. The sentiment indicator for the construction industry, for example, is obtained by a three-month smoothing of the arithmetic means of the balances on order books and expected workforce size. Significantly, the Commission’s overall composite business-sentiment indicator did not incorporate business sentiment in the building industry until the 2001 reform⁸. The pages offer comment on the five partial indicators and the overall sentiment indicator for the EU, the euro zone, and each of the twenty-seven countries participating in the Harmonised Programme (the twenty-five EU Member States plus Bulgaria and Romania).

- The Commission publication also offers a brief commentary on the information provided by the harmonised surveys on the labour force, unemployment, and price expectations in the EU.

- The remaining pages contain tables of the main monthly and quarterly results, for the past twelve months, of surveys forming part of the Harmonised Programme, along with a recapitulation of the survey variables’ highs and lows since 1990. An initial table breaks down the overall ESIN into its five components for the EU, the euro zone, and the twenty-five Member States. Tables 2-6 summarise the main results of the monthly surveys of consumers and producers in industry, construction, the retail trade, and services for the same countries and areas as table 1. Table 7 summarises the changes in the four composite sectoral indicators (in industry, construction, and retail trade) and the consumer confidence index for two countries qualifying as future EU members: Bulgaria and Romania.

- In some months, the Commission publication also summarises the results of a harmonised survey conducted at longer intervals (for example, World Economic Survey, Industrial Investment Survey).

⁷ http://europa.eu.int/comm/economy_finance/indicators/businessandconsumersurveys_en.htm, then go to the survey-results release calendar. Complete and abridged versions of the latest *Business and Consumer Survey Results* can be downloaded by clicking on the “press release” column of the calendar. More detailed results and long-term series are also available from the Commission.

⁸ Source: “Modification of the EU Sentiment Indicator Based on Harmonised Business and Consumer Surveys,” *European Economy, Supplement B*, no. 8/9, August-September 2001.