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From:	Ms Christine LAGARDE, President of the European Central Bank
date of receipt:	27 November 2023
To:	General Secretariat of the Council
Subject:	Proposal for a REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL on European Union labour market statistics on businesses, repealing Council Regulation (EC) No 530/1999 and Regulations (EC) No 450/2003 and (EC) No 453/2008 of the European Parliament and of the Council - *Opinion of the European Central Bank*

Delegations will find attached the opinion of the European Central bank on the above proposal.

EUROPEAN CENTRAL BANK

EUROSYSTEM

EN **ECB-PUBLIC**

OPINION OF THE EUROPEAN CENTRAL BANK

of 24 November 2023

on a proposal for a regulation of the European Parliament and of the Council on European Union labour market statistics on businesses, repealing Council Regulation (EC) No 530/1999 and Regulations (EC) No 450/2003 and (EC) No 453/2008 of the European Parliament and of the Council

(CON/2023/38)

Introduction and legal basis

On 12 October 2023 the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on a proposal for a regulation of the European Parliament and of the Council on European Union labour market statistics on businesses, repealing Council Regulation (EC) No 530/1999 and Regulations (EC) No 450/2003 and (EC) No 453/2008 of the European Parliament and of the Council[1] (hereinafter the 'proposed regulation').

The ECB's competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union since the proposed regulation contains provisions affecting the ECB's tasks concerning the collection of statistical information and the contribution to the harmonisation, where necessary, of the rules and practices governing the collection, compilation and distribution of statistics in the areas within its fields of competence pursuant to Article 5 of the Statute of the European System of Central Banks and of the European Central Bank (the 'Statute of the ESCB'). In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. General observations

The ECB needs information on the job vacancy rate, the level and composition of labour costs and on the structure and distribution of earnings in order to assess the economic developments in the Member States in the context of a single European monetary policy and the concomitant primary objective of the European System of Central Banks to maintain price stability[2]. Timely information on labour market conditions and wage developments is key to assessing underlying inflationary pressures and informing monetary policy decision-making. Job vacancy statistics and the labour cost index are listed among the Principal European Economic Indicators[3], giving them a prominent role among the official economic statistics used for monitoring monetary and economic policies. The ECB supports the proposed replacement of the existing

1 COM (2023) 459 final.

2 Article 127(1),first sentence, of the Treaty. Article 127(1), second sentence, of the Treaty also requires the Eurosystem to support the general economic policies in the Union with a view to contributing to the achievement of the Union's objectives as laid down in Article 3 of the Treaty on European Union.

3 COM (2002) 661 final.

legal acts on statistics relating to the labour market[4] by a single regulation covering all labour market statistics on businesses (hereinafter 'LMB statistics')[5]. The proposed improved coverage of LMB statistics as of 2026 would enrich these statistics and make them more useful for monitoring, assessment and forecasting by the ECB, and thus for the preparation of monetary policy decisions. The reporting of early estimates of the labour cost index[6] as of 2026 is also welcome as it would allow more prominence to be given to this indicator in the context of analysing and assessing cost pressures that may have their roots in changes in labour costs.

2. Specific observations

2.1 *Scope and quality of the new reporting*

The proposed inclusion of the public sector and of small firms[7] in the data sources used for compiling LMB statistics would significantly improve the coverage and representativeness of the respective LMB statistics. It would also improve harmonisation in data collection and thus allow for improved cross-country comparison of developments in job vacancy statistics and the labour cost index. The ECB suggests that the requirement of providing information that makes it possible to understand the impact of changes to the methodology or sample population (for example, an appropriate amount of back data, which may be based on estimates, proxies, and other data sources[8]) should be expressly laid down in the proposed regulation[9]. The details of such data alongside the other data requirements should then be specified by the Commission in an implementing act[10].

2.2 *Timeliness of reporting*

The proposed provision of early estimates of the labour cost index would be a substantial improvement to the current reporting regime. The improved timeliness of these estimates is particularly important as there are no harmonised monthly indicators on wage developments across all the Member States. The quarterly information on compensation of employees as published under National Accounts in the ESA 2010[11] makes it possible to assess wage developments only with a large delay. The release of the early estimates for the labour cost index would thus be the first information available about quarterly wage developments. Further improvements in the data transmission dates for the structure of the earnings survey above the currently proposed relatively modest changes would be welcome.

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4 Council Regulation (EC) No 530/1999 of 9 March 1999 concerning structural statistics on earnings and on labour costs (OJ L 63, 12.3.1999, p. 6); Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index (OJ L 69, 13.3.2003, p. 1); and Regulation (EC) No 453/2008 of the European Parliament and of the Council of 23 April 2008 on quarterly statistics on Community job vacancies (OJ L 145, 4.6.2008, p. 234).

5 Article 1 of the proposed regulation.

6 Article 5 of, and the Annex to, the proposed regulation.

7 Article 4(1), points (b)(ii) and (c)(i), and Article 6(2) of the proposed regulation.

8 Article 3(1), point (c), of the proposed regulation.

9 In particular, in Article 8(2) of the proposed regulation.

10 Article 4(7) of the proposed regulation.

11 Pursuant to Chapter 4, D.1 of Annex A to Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (OJ L 174, 26.6.2013, p. 1).

2.3 *Definition of statistical unit*

With a view to achieving, to the extent possible, a harmonised statistical treatment the ECB considers the definition of a statistical unit[12] to be crucial for the purposes of producing European statistics such as LMB statistics. To avoid overlaps and missing elements, notably where enterprises[13] have local units[14] in more than one Member State, it is important that there are concrete arrangements in place for collecting data either from enterprises or from local units.

Where the ECB recommends that the proposed regulation is amended, specific drafting proposals are set out in a separate technical working document accompanied by an explanatory text to this effect. The technical working document is available in English on EUR-Lex.

Done at Frankfurt am Main, 24 November 2023.

The President of the ECB

Christine LAGARDE

12 As defined in Article 2(1) of the proposed regulation.

13 As defined in Article 2(2) of the proposed regulation.

14 As defined in Article 2(3) of the proposed regulation.