Regulation (EC) No 450/2003 of the European Parliament and of the Council of 27 February 2003 concerning the labour cost index (Text with EEA relevance)

REGULATION (EC) No 450/2003 OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

of 27 February 2003

concerning the labour cost index

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 285(1) thereof,

Having regard to the proposal from the Commission[(1)],

Having regard to the opinion of the European Economic and Social Committee[(2)],

Having regard to the opinion of the European Central Bank[(3)],

Acting in accordance with the procedure laid down in Article 251 of the Treaty[(4)],

Whereas:

(1) A range of statistics, of which labour cost indices form an essential part, is relevant for an understanding of the inflationary process and the dynamics of the labour market.

(2) The Community, and particularly its economic, employment and monetary authorities, need to have regular and timely labour cost indices for the purpose of monitoring changes in labour costs.

(3) The Action Plan on Economic and Monetary Union statistical requirements, produced by the European Commission (Eurostat) in close collaboration with the European Central Bank, identifies as a priority the development of a legal basis covering short-term labour cost statistics.

(4) The benefits of collecting, at Community level, complete data on all segments of the economy should be balanced against the reporting possibilities and the response burden on small and medium-sized enterprises (SMEs).

(5) The Regulation is in accordance with the principle of subsidiarity as set out in Article 5 of the Treaty. The creation of common statistical standards for labour cost indices can only be achieved on the basis of a Community legal act because only the Commission can coordinate the necessary harmonisation of statistical information at Community level, while the collection of data and compilation of comparable labour cost indices can be organised by the Member States.

Changes to legislation: *There are outstanding changes not yet made to Regulation (EC) No 450/2003 of the European Parliament and of the Council. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

(6) Council Regulation (EC) No 322/97 of 17 February 1997 on Community statistics[5] provides the general framework for the production of labour cost indices under this Regulation.

(7) The measures necessary for the implementation of this Regulation should be adopted in accordance with Council Decision 1999/468/EC of 28 June 1999 laying down the procedures for the exercise of implementing powers conferred on the Commission[6].

(8) The Statistical Programme Committee (SPC), established by Council Decision 89/382/EEC, Euratom[7], has been consulted in accordance with Article 3 of that Decision,

HAVE ADOPTED THIS REGULATION:

Article 1

Objective

The objective of this Regulation is to establish a common framework for the production, transmission and evaluation of comparable labour cost indices in the Community. Member States shall produce labour cost indices for the economic activities defined in Article 4.

Article 2

Definitions

1 The labour cost index (LCI) is defined as the Laspeyres index of labour costs per hour worked, chain linked annually and based upon a fixed structure of economic activity at **[**F1NACE Rev. 2 section level, where NACE Rev. 2 is the classification established by Council Regulation (EEC) No 3037/90 of 9 October 1990 on the statistical classification of economic activities in the European Community[8]. Further disaggregations of NACE Rev. 2**]** sections, to be included in the fixed structure, shall be defined in accordance with Article 4(1). The formula to be used for the calculation of the LCI is defined in the Annex to this Regulation.

2 The labour costs are the total quarterly costs incurred by the employer in the employment of labour. The labour cost items and total staff employed are defined by reference to Annex II, Sections A and D (items D.1, D.4 and D.5 and their subcomponents, excluding items D.2 and D.3) of Commission Regulation (EC) No 1726/1999 of 27 July 1999 implementing Council Regulation (EC) No 530/1999 concerning structural statistics on earnings and on labour costs as regards the definition and transmission of information on labour costs[9].

3 The hours worked are defined by reference to Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community[10], Annex A, Chapter 11, paragraphs 11.26 to 11.31.

[F24 The Commission may take measures to redefine the technical specification of the index and revise the weighting structure. Those measures, designed to amend non-essential elements of this Regulation, *inter alia*, by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 12(3).**]**

***Changes to legislation:** There are outstanding changes not yet made to Regulation (EC) No 450/2003 of the European Parliament and of the Council. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes*

Textual Amendments

F1 Substituted by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (Text with EEA relevance).

F2 Substituted by Regulation (EC) No 596/2009 of the European Parliament and of the Council of 18 June 2009 adapting a number of instruments subject to the procedure referred to in Article 251 of the Treaty to Council Decision 1999/468/EC with regard to the regulatory procedure with scrutiny Adaptation to the regulatory procedure with scrutiny — Part Four.

[F1 Article 3

Scope

1 This Regulation shall apply to all activities defined in sections B to S of NACE Rev. 2.

[F2 2 The inclusion of economic activities defined by NACE Rev.2 sections O to S in the scope of this Regulation shall be determined by the Commission, taking into account the feasibility studies defined in Article 10. Those measures, designed to amend non-essential elements of this Regulation, *inter alia*, by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 12(3).**]]**

Textual Amendments

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[F2 Article 4

Breakdown of variables

1 The data shall be broken down by economic activities defined by NACE Rev. 2 sections and by further disaggregations, defined by the Commission, not beyond the level of NACE Rev. 2 divisions (2-digit level) or groupings of divisions, taking account of contributions to total employment and to labour costs at Community and national levels. Those measures, designed to amend non-essential elements of this Regulation, *inter alia*, by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 12(3).

Labour cost indices shall be provided separately for the three labour cost categories identified below:

a total labour costs;

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b wages and salaries, defined by reference to item D.11 in Annex II to Regulation (EC) No 1726/1999;

c employers' social contributions plus taxes paid by the employer less subsidies received by the employer, as defined by the sum of items D.12 and D.4 less D.5 in Annex II to Regulation (EC) No 1726/1999.

2 An index estimating total labour costs, excluding bonuses, where bonuses are defined by D.11112 in Annex II to Regulation (EC) No 1726/1999, shall be provided, broken down by economic activities defined by the Commission, and shall be based on the NACE Rev. 2 classification, taking into account the feasibility studies defined in Article 10. Those measures, designed to amend non-essential elements of this Regulation, *inter alia*, by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 12(3).**]**

Textual Amendments

F2 Substituted by Regulation (EC) No 596/2009 of the European Parliament and of the Council of 18 June 2009 adapting a number of instruments subject to the procedure referred to in Article 251 of the Treaty to Council Decision 1999/468/EC with regard to the regulatory procedure with scrutiny Adaptation to the regulatory procedure with scrutiny — Part Four.

[F1 Article 5

Frequency and back data

1 The data for the LCI shall first be compiled according to NACE Rev. 2 for the first quarter of 2009, and thereafter for each quarter (ending on 31 March, 30 June, 30 September and 31 December of each year).

2 Back data from the first quarter of 2000 to the fourth quarter of 2008 shall be made available by the Member States. The back data shall be provided for each of the NACE Rev. 2 sections B to N and for the labour cost items mentioned in Article 4(1).**]**

Textual Amendments

F1 Substituted by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (Text with EEA relevance).

Article 6

Transmission of results

1 The data referred to in Article 4 shall be supplied in index form. The weights used to calculate the index, defined in the Annex to this Regulation, shall be made available for publication at the same time.

The appropriate technical format to be used for the transmission of the results referred to in Article 4, and the adjustment procedures to be applied to the data shall be defined in accordance with the procedure referred to in Article 12(2).

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2 Member States shall transmit the data, broken down as specified in Article 4, to the Commission (Eurostat) within 70 days of the end of the reference period. Metadata, defined as the explanations needed to interpret the changes in the data either arising from methodological or technical changes, or due to changes in the labour market, shall be delivered with the data.

[[F1]3 The back data referred to in Article 5 shall be transmitted to the Commission (Eurostat) at the same time as the LCI for the first quarter of 2009.**]**

Textual Amendments

F1 Substituted by Regulation (EC) No 1893/2006 of the European Parliament and of the Council of 20 December 2006 establishing the statistical classification of economic activities NACE Revision 2 and amending Council Regulation (EEC) No 3037/90 as well as certain EC Regulations on specific statistical domains (Text with EEA relevance).

Article 7

Sources

Member States may produce the necessary estimates by using a combination of different sources specified below by applying the principle of administrative simplification:

(a) surveys, where statistical units, as defined in Regulation (EEC) No 696/93, are asked to give timely, accurate and complete information;

(b) other appropriate sources, including administrative data if these are appropriate in terms of timeliness and relevance;

(c) appropriate statistical estimation procedures.

I[F2]*Article 8*

Quality

1 The current data and back data transmitted shall satisfy separate quality criteria to be defined by the Commission. That measure, designed to amend non-essential elements of this Regulation, *inter alia*, by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 12(3).

2 The Member States shall provide annual quality reports to the Commission, beginning in 2003. The content of the reports shall be defined by the Commission. That measure, designed to amend non-essential elements of this Regulation, *inter alia*, by supplementing it, shall be adopted in accordance with the regulatory procedure with scrutiny referred to in Article 12(3).**]**

Textual Amendments

F2 Substituted by Regulation (EC) No 596/2009 of the European Parliament and of the Council of 18 June 2009 adapting a number of instruments subject to the procedure referred to in Article 251 of the Treaty to Council Decision 1999/468/EC with regard to the regulatory procedure with scrutiny Adaptation to the regulatory procedure with scrutiny — Part Four.