

INTERGOVERNMENTAL CONFERENCE ON THE
ACCESSION OF ICELAND TO THE EUROPEAN UNION

NEGOTIATING POSITION OF ICELAND

**Chapter 18
Statistics**

Summary of the negotiating position

1. Chapter 18 on Statistics is partly covered by the EEA Agreement. Iceland implements and applies EEA relevant *acquis* under this chapter on an ongoing basis.
2. Iceland accepts the *acquis communautaire* with respect to Chapter 18 on Statistics as of 15 June 2011.¹ Iceland will have implemented any outstanding *acquis*, as of that date, subject to the outcome of the negotiations under this chapter, by the date of accession.
3. Iceland has the legislative and institutional framework necessary to continue implementing the *acquis* in this chapter.
4. Iceland requests a transitional period and special arrangements under this chapter.

EEA Agreement

Iceland has been a party to the agreement on the European Economic Area (EEA) since its entry into force in 1994. As a result, Iceland has participated in the single market for 18 years and implemented all relevant EU legislation with respect to the four freedoms, as well as in other important areas such as research and development, education, social policy, the environment, consumer protection, tourism and culture. The EFTA Surveillance Authority (ESA) regularly monitors Iceland's performance under the EEA Agreement and publishes information about Iceland's implementation record twice yearly in an internal market scoreboard.

In those chapters covered by the EEA, Iceland has built its legislative framework and institutional framework to comply with and implement relevant EU legislation. Chapter 18 on Statistics is partly covered by the EEA Agreement. Acts under this chapter falling outside the scope of the EEA Agreement are Regulation (EC) No 1059/2003 on the establishment of NUTS, Regulation (EC) No 638/2004 on Community statistics relating to the trading of goods between Member States (Intrastat), Regulation (EC) No 1165/2008 concerning livestock and meat statistics and Regulation (EC) No 31/2005 on the remuneration and pensions of EU staff.

Legislative framework

The legislative framework is in place to continue implementing the *acquis* on statistics. European Parliament and Council Regulations and Commission Decisions and Regulations as well as methodological handbooks and manuals in the field of statistics are either implemented by the

¹ Date of bilateral screening meeting.

Ministry of Economic Affairs (*Efnahags- og viðskiptaráðuneytið*) or administered by Statistics Iceland (*Hagstofa Íslands* – hereinafter referred to as SI) as appropriate.

The legislative framework for statistical production in Iceland is set out in Act No 163/2007 on Statistics Iceland and official statistics. According to the Act, SI has a leading role in the organisation and coordination of official statistics in Iceland. The Act ensures full independence of SI and is in line with best practices and international standards. The European Statistics Code of Practice was published as a Regulation in the Ministerial Gazette, making it binding for the output of official statistics. In addition, there is Act No 12/1995 on the Consumer Price Index, Act No 42/1987 on the Building Cost Index and Act No 89/1989 on the Wage Index. Furthermore, SI operates in accordance with Act No 77/2000 on the Protection of Privacy as regards the Processing of Personal Data. SI has also laid down its own rules of procedure for treating confidential data. SI conducted two user surveys in 2007 and 2009 and according to the results, users of official statistics provided by SI find them accurate and in line with user needs. The results of the Peer Review action of 2007, lead by Eurostat, aiming to assess SI's alignment with the European Code of Practice confirmed that opinion.

The **statistical law** in Iceland is compliant with international recommendations. Iceland's level of **international involvement** and cooperation as regards statistics is high. According to Act No 163/2007 SI has a leading role in the cooperation with international organisations concerning statistics. The European Statistical System (ESS) is the most important cooperation platform in the field of statistics and forms the basis for the development of official statistics in Iceland. In accordance with Article 76 of the EEA Agreement Iceland cooperates in the European Statistical System. SI has adopted the European Statistical Code of Practice and participates in the peer review programme. SI has collected statistical data in all the main fields of statistics in accordance with the EU *acquis* since the adoption of the EEA Agreement in 1994. In addition, SI operates in accordance with the United Nations Fundamental Principles of Official Statistics and participates in meetings of the UN Statistical Commission. Furthermore, SI operates in accordance with the European Statistics Code of Practice and participates in statistical work by international organisations such as the OECD (Organisation for Economic Co-operation and Development) and the IMF (International Monetary Fund).

Classifications and registers

As regards classifications and registers, the main statistical classifications are in place and in line with the *acquis*. SI has adopted and fully implements the **NACE Rev. 2** statistical classification in accordance with Regulation (EC) 1893/2006 establishing the statistical classification of economic activities NACE Revision 2. SI increasingly uses the classification of **products by activity** according to Regulation (EC) 451/2008 establishing a new statistical classification of products by activity (CPA).

However, Iceland has no **business register** according to Regulation (EC) 177/2008 establishing a common framework for business registers for statistical purposes. The production of certain sector statistics depends on the establishment of a business register, including the agro monetary statistics and the foreign affiliates statistics (FATS). Its completion is a priority task within SI, which is expected to be finalised in 2014.

SI uses the 1988 version of the **International Standard Classification of Occupations** (ISCO-88) for data collection from data providers in Iceland. The requirements of Eurostat are met in Iceland by transposing ISCO-88 data to ISCO-08 data. Thus, data transmission to Eurostat according to ISCO-08 is in all relevant statistical areas in line with the *acquis*.

The **Harmonised System** (HS code) is used for classifying goods in external trade and Icelandic external trade statistics are classified according to the Icelandic Customs Tariff, which is an eight-digit classification that complies with the six digits of the HS with the addition of two digits, and not the Combined Nomenclature (CN) product classification. No problems are foreseen in the implementation of the CN product classification.

Currently, Iceland does not produce **regional statistics** according to Regulation (EC) No 1059/2003 on the establishment of a common classification of territorial units for statistics (NUTS). Internal consultations on the future classification of Iceland into statistical regions according to the NUTS classification are ongoing in relation to Chapter 22 on regional policy and coordination of structural instruments. The conclusion as to the preferred set-up of statistical regions in Iceland will be communicated to the Commission. The delivery of regional statistics will follow the classification into statistical regions as required by the *acquis*.

Sector statistics

Iceland's statistical production is at a high level of alignment with the *acquis*. SI provides extensive statistical information on economic and social issues in line with the European Statistics Code of Practice. As regards demographic and social statistics, the population statistics are already fully in line with the *acquis*. The survey on living conditions (SILC) according to Regulation (EC) 1177/2003 is fully implemented and the same goes for the labour force survey and the minimal wages survey. Social protection statistics in accordance with Regulation (EC) 458/2007 are in full alignment. The education statistics according to Regulation (EC) 452/2008 are produced in compliance with the *acquis*. Icelandic national accounts data are submitted in accordance with Council Regulation (EC) No 2223/96 and the Gross National Income (GNI) estimates are compliant with the *acquis* but some improvements are needed. The Government Finance Statistics are in line with the *acquis* although some minor calibration may be necessary and so is the Balance of Payment Statistics. The Purchasing Power Parities (PPP) are collected and published. Statistics on the production of goods (PRODCOM) are fully aligned with the *acquis* and so are the statistics on trade in services. Fisheries statistics are in full compliance with EU legislation. Air transport statistics are fully compliant. The statistics on information society are in line with Regulation (EC) 808/2004. Postal statistics are fully in line with the *acquis*.

However, in some areas of the sector statistics there are issues to overcome. The main shortfalls identified by the Commission are in the fields of agricultural and business statistics and some improvements are needed regarding national accounts data. Actions are already being taken to fully implement the *acquis* in these fields as explained below.

Statistic Iceland has prepared a strategy for full alignment with the EU *acquis* on **agricultural statistics**. The strategy's main components reflect the analysis of the Commission of the main gaps in the area of agricultural statistics, i.e. the need to finalise the implementation of the farm structure survey, reorganise the production of agricultural statistics in line with the *acquis* covering crop, milk and milk products, livestock and meat and planning and compiling the agro

monetary statistics. Iceland continues to follow the strategy on agricultural statistics. The Farm Structure Survey was launched in January 2011 and the results will be transmitted to Eurostat in March 2012 as required by the *acquis*. Preparations have started for the agricultural and agro monetary statistics within SI with the aim of compiling the economic accounts at the end of 2012 and the agricultural price statistics in 2013. The operation of SI in the field has been strengthened considerably. The responsibility for agricultural statistics has been transferred from the Farmers Association of Iceland and the Agricultural Economic Institute of Iceland and now lies entirely with SI.

The gaps identified in the area of **business statistics** are in the field of statistical business registers, structural business statistics and short-term statistics. SI has drafted a plan for setting up the necessary tools to fulfil the requirement of the *acquis* in these fields. According to the plan, SI will be able to transmit statistics of required quality in this field within the requested timelines in 2016.

Regarding **national accounts**, SI has a plan, which aims at improving the coverage and raising the quality of the Icelandic national accounts. The main components of this plan have to do with the production of supply use tables and output tables, the creation of quarterly accounts, making sectoral and financial accounts available for all sectors, and the compilation of employment data. In order to fulfil these tasks SI will strengthen the administrative capacity as regards the production of national accounts, start new data collection where data is lacking and improve current data collection. There will also be a need to reorganise the storage of data for national accounts purposes to make use of the data more effective and harmonised and to improve the overall quality of national accounts. According to the plan, SI will have fulfilled the requirement of the *acquis* in the field of national accounts in 2014 and will then be able to transmit statistics of required quality in this field within the requested timelines.

Action Plan and transitional period

In detailed analysis, lack of full compliance with the *acquis* has been detected in other areas of the sector statistics. In order to ensure full compliance, Iceland has already started systematic work to implement those tasks. An **Action Plan** has been worked out and is presented as an Annex to this document. For those tasks, Iceland is requesting a transitional period until 31 December 2016. During the transitional period, Iceland will systematically work on and finalise each element of the plan according to the set target dates as laid down in the action plan. The technical details of each task are not provided here but are available upon request.

Financial resources for the implementation of the action plan are secured and will be planned within the state budget under the budgetary lines of the respective ministries, in accordance with the time frame for each task.

Intrastat

Accession to the EU means, among other things, that trade within the EU will be monitored with the **Intrastat** system. Preparation of the Intrastat system in Iceland will follow Commission Regulation (EC) No 1982/2004 with later amendments, which implements Regulation (EC) No 638/2004 on Community statistics relating to the trading of goods between Member States. Preparations for a work plan and budget for this task have started. SI will be capable of receiving,

processing and producing both Intrastat and Extrastat data timely, in line with the standards required by the EU *acquis* by the time of accession.

Special arrangements

Iceland requests the following special arrangements under Chapter 18.

Iceland is an isolated island state with relatively simple road transport routes, which have no connections to the EU. When Regulation (EC) No 1172/1998 on **statistical returns in respect of the carriage of goods by road** was incorporated into the EEA Agreement, there was a general consensus among the contracting parties that for Iceland, absence of road links with the EU meant that there was virtually no cabotage or cross-border transport by Icelandic goods road transport vehicles. On this basis, a dispensation from delivering statistics in respect of carriage of goods by road was granted. Circumstances in this respect are unchanged. Iceland therefore requests not to deliver statistics on the carriage of goods by road.

Iceland has a special arrangement according to the EEA Agreement, as it does not carry out the **Continuous Vocational Training Survey (CVTS)** according to Regulation (EC) No 1552/2005. The survey requires a twofold breakdown, by number of enterprises, and by size of enterprises. This would hardly be obtainable without addressing almost all the larger enterprises and a large proportion of the small and medium sized enterprises (SME). The survey therefore tends to become a total survey, not a sample survey. Response burden is larger for smaller countries in relative terms, which means that the competitive ability of the enterprises in the smaller countries is hampered more by surveys than in larger countries. The CVTS questionnaire itself is both extensive and a demanding exercise for the respondents. This adds to the general tendency of increased non-response. Iceland considers the Regulation an excessive burden on the domestic enterprises and their managerial staff. Therefore, Iceland requests not to perform the survey on continuous vocational training.

There is a general lack of backward data in Iceland. Furthermore, in areas where compilation of backward data may be available its compilation would be extremely complicated if not impossible since data are fragmented and lack the necessary level of detail. Therefore, Iceland requests not to deliver **backward data** for the following Regulations; Regulation (EC) No 1392/2007 with respect to the transmission of national accounts data, Regulation (EC) No 1161/2005 on the compilation of quarterly non-financial accounts by institutional sector and Regulation (EC) No 295/2008 concerning structural business statistics. More precisely, Iceland requests not to deliver backward data as stipulated below.

- Supply and use tables (tables 1500 and 1600) – Up to 2009
- Symmetric Input output tables (tables 1700, 1800 and 1900) – Up to 2010
- Quarterly national accounts according to production and income approaches – Up to 2005
- Quarterly national accounts according to expenditure approaches – Up to 1997
- Financial accounts (tables 610, 620, 710 and 720) – Up to 2003
- Sector accounts – Up to 2000
- Employment data according to NA definitions – Up to 2005

The **small size** of the Icelandic state can in certain instances lead to methodological difficulties as regards timeliness, frequency, level of detail and precision of statistical production (sample surveys in particular). In this context, reference is made to special arrangements in for example Regulation (EC) No 1158/2005 on short-term statistics that in certain instances apply to states responsible for less than 1% of the EU's total in the statistical area in question. Iceland requests that the significance of the state's small size be recognised as regards statistical aspects such as timeliness, frequency, level of detail and precision.

Institutional Framework

The institutional framework to continue to implement the *acquis* in this chapter is in place.

The administrative structures to implement EU *acquis* and programmes in the fields of statistics are in line with EU requirements.

According to Act No 163/2007, SI is the centre for official statistics in Iceland and has the leading role in the organisation, coordination and conduct thereof. SI is also responsible for cooperation with international organisations concerning statistics. SI is a government agency operating under the auspices of the Ministry of Economic Affairs.

In addition, several authorities and agencies carry out specific statistical tasks, including data collection and data processing.

An inter-service agreement is in place between SI and the Central Bank of Iceland (*Seðlabanki Íslands*). The CBI, in cooperation with SI, gathers statistics on financial accounts, balance of payment and FATS (Foreign Affiliates Statistics).

The Environment Agency of Iceland collects waste statistics according to Regulation (EC) No 2150/2002.

The Directorate of Health collects statistics on public health.

The Administration for Occupational Health and Safety collects statistics on accidents at work and statistics on occupational diseases and other work-related problems and illnesses.

SI has an inter-service agreement with the National Energy Authority, which produces energy statistics.

The administrative capacities and structures will be in place to implement the *acquis* in the area of statistics upon the date of accession.

Acceptance of the *acquis*

Iceland accepts the *acquis communautaire* in Chapter 18 on Statistics as of 15 June 2011. However, Iceland requests the following transitional period and special arrangements:

Iceland requests a transitional period until 31 December 2016 to finalise the implementation of the tasks identified in the action plan annexed to this document.

Iceland requests not to deliver statistics on the carriage of goods by road.

Iceland requests not to perform the survey on continuous vocational training.

Iceland requests not to deliver backward data for the following regulations; Regulation (EC) No 1392/2007 with respect to the transmission of national accounts data, Regulation (EC) No 1161/2005 on the compilation of quarterly non-financial accounts by institutional sector and Regulation (EC) No 295/2008 concerning structural business statistics.

Iceland requests that the state's small size is taken into account as regards statistical aspects such as timeliness, frequency, level of detail and precision.

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