

Report of EU KLEMS meeting on New Member States, 13-14 September 2005, WIIW (Vienna)

Present: Peter Havlik (WIIW), Robert Stehrer (WIIW), Monika Schwarzhappel (WIIW), Hermine Vidovic (WIIW), Sebastian Leitner (WIIW), Bart van Ark (GGDC), Marcel Timmer (GGDC), Jitka Kanakova (CZSO), Jaroslav Sixta (CZSO), Marke Rojicek (CZSO), Maria Forgon (HCSO), Janja Kalin (SOSI), Miran Zavbi (SOSI), Viera Hajnovicova (Infostat, SK), Anna Chmielewska (CSOPL), Lidia Kapczynska (CSOPL).

Purpose of this 2-day meeting was to:

- initial overall assessment of the quality of the data presently available in EU KLEMS (analytical module, access restricted)
- which series could in principle be included in the statistical (public) module
- which additional series could be used in the statistical module (including new initiatives by NSI's)
- which additional series may still be provided by NSI's for use in the analytical module.

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Bart van Ark (GGDC) gave a brief introduction on present status of EU KLEMS work and time schedule for next year. There was some discussion on the approval procedures of analytical and statistical modules. Only the latter needs to be validated by NSI's. For the analytical module feedback will be appreciated within the time frame indicated (i.e. until 15 September for the preliminary dataset and between 1 December and 20 January for the first public version).

Marcel Timmer (GGDC) introduced some analytical work by the GGDC on EU-15 countries and the U.S. looking at sources of TFP growth and levels, with an emphasis on market services. This serves as an example of how the EU KLEMS data can be used, also for new member states.

Marke Rojicek (CZSO) gave a presentation on the new Supply-Use Tables from 2002 onwards of CZSO. They use the Norwegian (Oracle-based) software (also used by Slovenia, Hungary and the Baltic States). There was extensive discussion of the methods and software used to compile the SUT's in various countries. It was agreed that there are no major methodological differences between countries, but mainly technical issues related to software.

Monika Schwarzhappel (WIIW) introduced the EU KLEMS methods, data sources and estimates applied by wiiw to the 5 new member state countries within the framework of WP1. Some suggestions were made on new series coming about in the next couple of weeks. Some issues need to be checked in consultation with WIIW. In particular for Slovakia it should be considered to integrate new FISIM-adjusted data – with updates to 2004 available in September – by mid-October. The issue of enterprise-based numbers affecting the figure on particular energy intermediate use in selected industries (coal

mining, electricity) was discussed, and needs to be checked for individual countries (in particular Hungary).

Robert Stehrer (WIIW) presented EU KLEMS series for capital accounts for new member states in the framework of WP3. There was discussion about the estimation method of splitting IT and CT assets, in particular the use of deflators (for example, use the Use tables) and share data (for example, for Czech Republic). The use of the Polish investment data need to be checked with CSO Poland because of preliminary nature of data. Slovakia data need to be checked as well. There was some discussion on the impact of the reclassification of firms on gross fixed capital formation (e.g. rail transport and gas industries in the Czech Republic).

Marcel Timmer (GGDC) introduced remaining issues on capital and ICT. The differences in price developments in industry 30 are discussed. As most IT hardware production in new member states concerns computer assembly, it is generally confirmed that import prices for computer hardware are used and some quality adjusted estimate for computer output. Still there is agreement that using harmonized price indices is an acceptable alternative in particular for historical series. Marcel also gave detailed explanation of the capital services estimation method that is applied by EU KLEMS. The use of mixed income data to improve estimation of capital compensation was discussed, and an email will be sent out to investigate data availability on mixed income in CEEs.

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Sebastian Leitner (WIIW) gives a presentation on availability of labour accounts data (WP2), first dealing with quantity and thereafter with composition data. It appeared that some new data sources on labour quantity and labour composition can be exploited. Some additional thinking on how to use the 2-dimensional information on labour composition by category needs to be processed is required. There are problems with data on self-employment (e.g. in Polish agriculture and in Slovenia).

Robert Stehrer (WIIW) presented an overview of EU KLEMS output files (notably productivity and input contributions) for countries in the EU KLEMS database obtained from the preliminary database. It was stressed that these (preliminary) data are still weak, in particular from the perspective of international comparability. The hypothesis of excessive intermediate input use and the possible explanations (sectoral effects from shift towards low value added activities, restructuring effects, etc) need to be investigated in more detail on the basis of the test version of the public dataset.

The meeting was concluded with a summary by **Monika Schwarzappel** (WIIW) on the delivery of missing data that will be provided by NSIs in the next couple of weeks. (CZ: shares of ICT; HU: deflators of investments; CZ, SK, PL: mixed incomes by industries; PL: split J into 65,66,67; also employment data; explain low hours worked; SK: FISIM revision by mid-October; GCFC by asset types; correct mistakes in employment data; SI: mixed income and the division of 10t12).

