



**ECONOMIC POLICY COMMITTEE**

THE SECRETARIAT

Brussels, 30 November 2001

ECFIN/01/752-rev1

**Opinion by the Economic Policy Committee  
on the Commission Communication of 30<sup>th</sup> October 2001 on Structural Indicators**

1. The Commission Communication of 30<sup>th</sup> October 2001 proposed revisions to the list of indicators for use in the synthesis report, and outlined progress made over the past year in developing structural indicators. Overall, the EPC welcomes the progress made by the Commission and the Member States, as presented in the Communication, and the lists of indicators proposed.

***Indicators for the synthesis report***

2. The EPC supports the application of clear general principles by the Commission to determine revisions to the list of indicators for the synthesis report for the Barcelona European Council. In general, these principles accord with those of the EPC. In particular, the EPC welcomes efforts to keep the list short, whilst accommodating new indicators as they are developed, and new priorities set by the European Council.

3. The EPC is surprised, however, that the Commission Communication makes no reference to the headline list of key indicators agreed last year in response to the Nice Council's request. By proceeding in this way, the Commission risks overlooking a means of ensuring its synthesis report focuses on its customers' needs. It believes that the Commission should include specific reference to the headline indicators in the synthesis report.

4. In respect of other issues, in summary:

- Excluding the indicators on the environment, the EPC agrees broadly with 25 of the 30 indicators proposed by the Commission, although it favours different specific definitions with respect to a number of these;
- Of the 5 indicators with which it disagrees most clearly:
  - 3 (gender pay gap, accidents at work and public procurement) require further refinement before they are included in the synthesis report. Such development work should be

conducted as a priority, so that appropriate indicators can be included in the 2003 synthesis report;

- the EPC proposes replacement of the policy indicator of public expenditure on education with a performance indicator of educational attainment;
  - the EPC proposes replacement of one of the three social cohesion indicators based upon relative income (ie the indicator of income distribution) with the indicator of jobless households used last year, to provide insight to a different dimension of social cohesion.
- Of the indicators whereby the EPC prefers modifications to specific definitions:
    - for the relative poverty indicators, the EPC prefers the use of a poverty line set at 50% of median-equivalised income, not 60%;
    - the EPC prefers a measure of regional cohesion based upon variation in unemployment or employment rates, not income;
    - the EPC believes it is useful to present appropriate data for both household and SME business internet access, not only household internet usage; and
    - the EPC prefers to use an additional definition for low earners, to complement that proposed by the Commission.
  - Of the indicators which the Commission recommends to delete, the EPC recommends retention of 2 related to economic reform (trade integration and business investment), the indicator of ICT expenditure, and the indicator of general government gross debt. It also prefers inclusion of a growth rate of employment based upon full-time equivalents.
  - The EPC supports the inclusion of a new domain of environment indicators, to reflect the Göteborg mandate. The addition of this new domain to the list should not automatically imply offsetting reductions to the lengths of the other domains.
5. Therefore, in total, the EPC recommends 37 indicators for use in the Barcelona synthesis report. The economic reform domain – with 7 indicators – would be the largest of the 6 sets of indicators, reflecting its central relevance to the overarching Lisbon strategic goal.
6. The EPC's proposed list of indicators for use in the Barcelona synthesis report, notwithstanding at present unforeseen progress in developing or refining certain indicators, is set out below in Table 1. The EPC's specific recommendations for the indicators, taking each of the domains of indicators in turn, are set out in appendix 1. Specific definitions and sources for these indicators are presented in appendix 2.

<b>Table 1: EPC's recommended list of 37 indicators for use in the Barcelona synthesis report</b>	
<b>General economic background indicators</b> <ul style="list-style-type: none"> <li>i. GDP per capita in PPS, and real GDP growth rate</li> <li>ii. Labour productivity (per person employed, and per hour worked)</li> <li>iii. Inflation rate</li> <li>iv. Growth of real unit labour cost</li> <li>v. Public balance</li> <li>vi. General government gross debt</li> </ul>	<b>Economic reform</b> <ul style="list-style-type: none"> <li>i. Trade integration (including sectoral breakdown)</li> <li>ii. Business investment</li> <li>iii. Relative price levels and price convergence</li> <li>iv. Prices in network industries</li> <li>v. Market structure in network industries</li> <li>vi. Sectoral and ad hoc State aids</li> <li>vii. Capital raised on stock markets</li> </ul>
<b>Employment</b> <ul style="list-style-type: none"> <li>i. Employment rate (total and by gender)</li> <li>ii. Employment rate of older workers (overall, male, female)</li> <li>iii. Employment growth (full-time equivalents)</li> <li>iv. Unemployment rate (overall, male, female)</li> <li>v. Tax rate on low earners (2 definitions)</li> <li>vi. Lifelong learning (adult participation in education and training)</li> </ul>	<b>Social cohesion</b> <ul style="list-style-type: none"> <li>i. Poverty rate before and after social transfers</li> <li>ii. Persistence of poverty</li> <li>iii. Regional cohesion (variation in unemployment or employment across regions)</li> <li>iv. Early school leavers not in further education or training</li> <li>v. Long-term unemployment rate</li> <li>vi. Jobless households</li> </ul>
<b>Innovation and research</b> <ul style="list-style-type: none"> <li>i. Educational attainment (young people, science and technology graduates)</li> <li>ii. R &amp; D expenditure</li> <li>iii. Level of internet access (household and business)</li> <li>iv. Patents</li> <li>v. Venture capital investment</li> <li>vi. ICT expenditure</li> </ul>	<b>Environment</b> <p>6 indicators to be selected by the Environment Council</p>

### ***Priorities for future development***

7. The EPC believes that the following indicators are high priorities for development, due to the deficiencies of those available at present:

- i. market structure in network industries (supply- and demand-side);
- ii. ICT expenditure (not just investment, as proposed by the Commission, since household consumption of ICT is an important element of e-commerce);
- iii. adjusted gender pay gap;
- iv. accidents at work; and
- v. public procurement.

8. In addition, it welcomes the Commission proposal to develop the following indicators as priorities:

- vi. provision of care facilities for children and other dependants; and
- vii. financial integration.

9. The EPC also reiterates the need to develop, for consideration for inclusion in future synthesis reports, indicators in the following areas proposed last year:

- viii. potential output, output gap, and cyclically-adjusted budget deficit;
- ix. company registration;
- x. corporate demography;
- xi. efficiency of public administration;
- xii. regulatory environment;
- xiii. cost of capital;
- xiv. social cohesion at the regional and local level; and
- xv. benefit dependency ratio.

10. It must be assured, however, that new indicators on these topics are developed in a way which does not place excessive administrative burdens on enterprises and Member States.

11. The European Council in Lisbon agreed on a strategic goal to become the most competitive and dynamic knowledge-based economy in the world capable of sustainable economic growth with more and better jobs and greater social cohesion. Reflecting the global dimension of this goal the structural indicators should aim to facilitate meaningful international comparisons.

12. The Committee also supports the ongoing work to improve the availability and quality of structural indicators for the candidate countries. This should aim to ensure that these countries can be incorporated effectively in the annual synthesis report from spring 2003 onwards, in line with the mandate of the Göteborg European Council.

13. Finally, the EPC views with caution the Commission's proposal to develop and use synthetic 'composite' indicators, including with respect to the specific proposals regarding the 'knowledge-based economy'. Such indicators are likely to be inconsistent with the guiding principles that the indicators should be easy to read and understand. Moreover, since any weights used in the construction of such indicators are arbitrary, but crucial, their use can be significantly misleading in

terms of the conclusions which might be drawn. Their use could therefore be detrimental. The EPC therefore believes the finite resources of the statistical system should focus instead on the development of the indicators set out above.

**Appendix 1: The EPC's comments on the list of indicators proposed by the Commission for use in the synthesis report**

<b>Table 2: General economic environment indicators: EPC recommendation</b>
Real GDP growth and GDP per capita
Labour productivity (per person and per hour worked)
Inflation rate
Real unit labour cost growth
Public balance
General government debt

- The EPC believes that both the **public balance ratio** (flow) and the **gross debt ratio** (stock) indicators should be retained to reflect fully the contribution of fiscal policy to the general economic environment, and to give a rounded picture of the sustainability of the public finances. This is particularly relevant in light of the role of the synthesis report in reflecting sustainable development. Both indicators might be reflected as different components of a fiscal position indicator. The EPC recommends that the cyclically-adjusted public balance indicator is used as a subsidiary indicator in the 2003 synthesis report, when such data is expected to be available.
- The EPC supports the Commission's proposals for presenting **labour productivity** indicators on both per person and per hour worked bases. However, it notes that comparisons based exclusively on the figures per person employed might give a misleading impression since they do not adjust for different working patterns, in particular the contributions of part-time workers.

<b>Table 3: Employment indicators: EPC recommendation</b>
Employment rate (total and by gender)
Employment rate of older workers
Tax rate on low-wage earners (EPC wants to include data for additional definition of low-wage earner)
Life long learning (adult participation in education and training)
Unemployment rate
Growth rate of full time equivalents employment

- Now that data is available concerning the **full-time equivalents** measure of the employment rate, identified as a priority for development by the EPC in 2000, such data could be included in the list, to give a more complete view of employment rates. This measure might be best represented via its growth rate. For the other employment rate indicators the existing definitions should be used, reflecting the employment rate targets set in Lisbon and Stockholm.
- The **unemployment rate** should remain in this domain to which it is specifically related, rather than be moved to the general economic background set of indicators.
- Efforts to boost **quality in work** are to be welcomed as an important element of the Lisbon goal to promote 'better jobs', although they should not prejudice the over-riding objective to increase employment in the EU. The EPC therefore welcomes the inclusion of appropriate quantitative indicators to reflect quality in work, such as the lifelong learning indicator, to reflect the mandate of the Stockholm European Council. It also supports inclusion of an appropriate quantitative indicator to reflect the dimension of quality based upon accidents at work, when it is available.
- However, the Committee is concerned that the raw data available at present suffers from significant bias, so that those countries with a higher concentration of manufacturing and construction industries would appear to be of intrinsically lower quality than other countries. Therefore, the EPC recommends, as a priority, development of an alternative adjusted index for accidents at work (such as the number of accidents in manufacturing and construction sector per 1000 employees) for inclusion in next year's list. Unadjusted data should not be included as a substitute.
- The EPC strongly supports the policy goal of **combating gender pay discrimination**, and the related concept of 'equal pay for equal work', which is also an important indicator when measuring quality in work. However, any indicator based solely on a basic comparison of the average hourly earnings of females and males would be misleading since a very significant proportion of the differential reflects sectoral and other biases, many of which are related to freedom of choice.
- Accordingly, the EPC believes that it is more appropriate, as a measure of gender discrimination, to use the gap in hourly earnings after appropriate adjustment to remove the effects on differentials according to a range of personal characteristics, including those which reflect personal choice. Development of such adjusted data for inclusion in next year's list should be seen as a high priority. Again, unadjusted data should not be included as a substitute.

<b>Table 4: Innovation and research : EPC recommendation</b>
Educational attainment rate (young population, and science and technology graduates)
Total R & D expenditure
Level of internet access (households and business)
Patents
Venture capital
ICT expenditure (EPC notes that this indicator is being further refined)

- As stated in last year's report, the EPC believes that **public expenditure on education** has several disadvantages, since it excludes the contribution of private expenditure on education and training, and, importantly, since it focuses excessively on inputs and not on performance.
- Instead, the EPC recommends the inclusion of an indicator on the **educational attainments of the young population**, a more output oriented indicator, as an illustration of Member States' performance in investing in human capital. For this indicator, the EPC proposes to consider the enrolment in education by 15-19 year olds suggested last year, and the indicator of science and technology graduates.. (If it is to be included, at a minimum the indicator of public expenditure on education should include public expenditure on training.)
- The **level of internet access** is recognised as an important indicator, and as such was included in the Ecofin short-list of 12 indicators. However, both business and consumer usage is important for an e-economy, and so the EPC believes that such an indicator should reflect the number (and use) of on-line accounts for both residential and business (particularly small-business) users, and not simply domestic usage.
- The EPC accepts the view of the Commission that the indicators of **ICT expenditure** and **exports of hi-tech products** suffer from problems of quality which are likely to be insurmountable before the synthesis report is completed. Not least since the former indicator was included the Ecofin shortlist agreed in March 2001, refinement of the ICT expenditure indicator should be given high priority in order to reincorporate the indicator at the earliest possible moment. In this regard, the Commission and Eurostat are invited to collaborate closely with the OECD which has also used the data source used for the indicator included in the 2001 synthesis report.
- The venture capital indicator should be renamed **venture capital investments**, to reflect more accurately the data presented to Heads of State or Government.

<b>Table 5: Economic reform: EPC recommendation</b>
Relative price levels and price convergence
Prices in network industries
Sectoral and ad-hoc state aids
Capital raised on stock markets
Trade integration (including sectoral breakdown)
Business investment
Market structure of network industries: market share of the incumbent in telecoms; and market share of the largest electricity generator

- Since the promotion of economic reform was the central aim of the Lisbon European Council, this domain should, if anything, be bolstered and not weakened. It is also particularly multifaceted, and so the indicators should aim to reflect reforms to goods, services and capital markets.
- Therefore, the EPC recommends strongly that **business investment and trade integration** indicators should not be deleted, since these related explicitly to objectives of the European Council. If possible, the latter indicator should present a sectoral breakdown (at least according to goods, services and financial services). This might help better to represent capital market reforms in the indicators, reflecting the European Council's priority for full implementation of the Financial Services Action Plan by 2005.
- The Ecofin Council in March 2001 identified 'a pressing need... to develop as soon as possible indicators reflecting **the openness and market structure of network industries**'. Therefore, the EPC supports the Commission recommendation for inclusion of its indicators on markets structure of network industries in the 2002 synthesis report, since these are at present the most robust available.
- However, it notes that there are specific methodological deficiencies with respect to the definitions used by the Commission. For example, the market concentration of the incumbent indicator cannot appropriately reflect the situation of regional monopolies existing in a number of Member States prior to liberalisation; definitions of fixed and mobile telecommunications may not be wholly comparable; and the role of foreign or public sector participants in domestic markets may not be adequately reflected. Therefore, a qualitative assessment should accompany the use of this indicator. Additionally, the Commission could also be invited to

provide a forward-looking scenario and strategic view of the evolving European energy market to assist intelligent interpretation of the indicators to be used in the synthesis report.

- Further, the EPC also recommends that new indicators are developed, to reflect better the situation in this area, as a high priority. Such indicators should reflect both supply-side (market concentration) and demand-side (consumer choice) aspects. The EPC invites its working group on structural indicators to assist the Commission services and Eurostat in this task, including setting appropriate definitions, and resolving any legal and practical obstacles to data collection, so that new indicators might be considered for inclusion in the 2003 synthesis report.
- The EPC would recommend deletion of the indicator of **public procurement**, given concerns of members regarding data quality and comparability. However, development of an improved indicator should be a priority, in order to reincorporate this aspect of economic reform back into the list in the not-too-distant future.
- Given the importance of financial markets to the overall economic reform process, if a sectoral breakdown of the trade integration indicator cannot be satisfactorily provided, the EPC would prefer use of the indicator related to **cross-border banking penetration** proposed by the Committee last year.

<b>Table 6: Social cohesion: EPC recommendation</b>
Poverty rate before and after social transfers (poverty line at 50% of median equivalised income)
Persistence of poverty (poverty line at 50% of median equivalised income)
Regional cohesion (variation in unemployment)
Early school leavers (% of 18-24 year olds)
Long-term unemployment
Jobless households indicator

- In considering the social cohesion indicators, the EPC has taken note of the report by the Social Protection Committee (SPC) of October 2001 on the indicators for use in the next round of national action plans on social exclusion and in the joint report in social exclusion. In general, the EPC welcomes the SPC's work.
- However, regarding the indicators of **distribution of income**, **poverty rate before and after social transfers**, and **persistence of poverty**, the EPC has a number of concerns about adopting a relative income poverty approach in general, and one based upon a single poverty line defined at 60% of the median-equivalised income.

- For example, relative income poverty is about income equality and social marginalisation, not about any objective measure of living standards. Thus, any generalised improvement or deterioration in living standards is not reflected in these indicators, e.g. if everybody's income is doubled (or halved) there is no change in poverty.
- A simple headcount of the numbers below a particular income line tells us nothing about the persistence or otherwise of low incomes. The experience of someone "between jobs" and, thus, only temporarily below the poverty threshold is very different from that of a person, for whatever reason, experiencing low income over a prolonged period.
- Setting a poverty line at any income threshold will be arbitrary, to a degree. However, the EPC believes that a poverty line set at 50% of median-equivalised income, as used by the OECD, is more likely to reflect better real situations of poverty than one set at 60%.
- Therefore, to better reflect the extent of poverty reduction in Member States, for the purposes of the Barcelona synthesis report, like in 2000 the EPC recommends retention of the indicator of jobless households used last year. In light of the deficiencies of the relative poverty approach, this can be accommodated by deleting one of the relative poverty indicators, which would also reduce a degree of overlap in the indicators. In this context, the EPC recommends deletion of the indicator of income distribution. In addition, any of the relative poverty indicators used in the synthesis report should be based upon a poverty line set at 50%. (This does not preclude the use of 60% in national actual plans based upon agreed social cohesion indicators.)
- As in 2000, the Commission has proposed a measure of **regional cohesion** based upon variation of real GDP per capita between regions. As stated last year, the EPC has concerns about regional GDP data. For example, since national GDP deflators are used for the calculations, differences in regional price levels are ignored. When looking at per capita regional income data, there are also statistical distortions caused by differences between where people work and live.
- The EPC therefore prefers the use of the measure of regional cohesion based on unemployment differences which the Commission ultimately agreed to include the synthesis report to Stockholm. Alternatively, the EPC would be content to use the indicator based upon differences in employment rates, as recommended by the SPC. However, such an indicator might best be adjusted to account for demographic bias.
- The EPC's preferred definition for **early school leavers** looks at the share of the 18-29 year old population, since this gives a broader indication of the extent of the problem. However, the Committee would be prepared to accept the definition preferred by the SPC and the

Commission based upon the share of 18-24 year-olds as this would match the target set by the European Council at Stockholm.

<b>Table 7: Environment: EPC recommendation</b>
Greenhouse gases emissions relative to Kyoto targets. (EPC prefers also to show indicator adjusted on a per capita basis)
Energy intensity of the economy (EPC prefers to differentiate between renewable and non-renewable energy sources)
Volume of transport (tonnes and passenger km) relative to GDP, with a modal split (The EPC would prefer use of vehicle kms if and when such data became available.)
Urban air quality
Municipal waste (EPC prefers to differentiate between recycled and non-recycled waste)

- The EPC recognises the specific competence of the Environment Council in reaching agreement with the Commission on the environment indicators for inclusion in the synthesis report to Barcelona. It also recognises that there has been a short time to develop indicators and that changes to the current list may be desirable before the 2003 synthesis report. However, the EPC considered the Commission's proposals from an economic policy viewpoint, and had the following comments:
  - The indicator of **greenhouse gases emissions** used should be primarily in terms of the Kyoto targets. However, it should preferably adjust on a per capita basis or according to GDP: countries with large populations will inevitably generate more emissions than those with small populations, regardless of the efficiency of their energy use.
  - The indicator measuring the **energy intensity of the economy** should find a way of differentiating energy from renewable sources, which would better reflect the determination of the Göteborg European Council to meet its indicative 2010 target for the contribution of electricity used from renewable sources.
  - The EPC believes that elements of both **transport** indicators could be reflected in a single indicator. Additionally, the EPC prefers use of vehicle kms measures when appropriate data is available.
  - The indicator for **municipal waste** (collected, landfilled and incinerated) should ideally be complemented with information on recycled waste, although the EPC notes the assessment of the Commission services that data availability is poor for an indicator on recovery and

reuse.

## **Appendix 2 – Definition and source of the indicators recommended by the EPC**

### **General Economic Background**

<b>Indicator</b>	<b>Definition</b>	<b>Source</b>
1. GDP per capita in PPS and real GDP growth rate	GDP per capita in Purchasing Power Standard (PPS)  Growth rate of GDP at constant prices (base year 1995)	Eurostat; National Accounts.
2. Labour productivity	GDP in PPS per person employed  GDP in PPS per hour worked relative to the EU15 (EU15=100)	Eurostat; National Accounts and OECD.
3. Inflation rate	Annual percentage change in Harmonized Index of Consumer Price (HICP) (annual average)	Eurostat; Price statistics.
4. Real unit labour cost growth	Growth rate of the ratio: compensation per employee in current prices divided by GDP per total employment in current prices	Eurostat; National Accounts.
5. Public balance	Net borrowing/lending of general government, as a percentage of GDP, as used in the Excessive Deficits Procedure.	Eurostat, OECD.
6. General government debt	General government gross debt, as a percentage of GDP, as used in the Excessive Deficits Procedure.	Eurostat, OECD.

## **Employment**

<b>Indicator</b>	<b>Definition</b>	<b>Source</b>
1. Employment rate (total and by gender)	Employed persons aged 15-64 as a share of the total population aged 15-64. (Total, female and male population.)	Eurostat; Labour Force Survey.
2. Employment rate of older workers	Employed older (aged 55-64) workers as a share of total population aged 55-64. (Total, female and male population.)	Eurostat; Labour Force Survey.
3. Growth rate of full-time equivalents employment rate	Full-time equivalent employment rate (total hours worked divided by average annual hours worked in full-time jobs), divided by total population aged 15-64.	Eurostat; Quarterly Labour Force Data Series.
4. Tax rate on low-wage earners	Income tax plus employee and employer contributions less cash benefits as a percentage of labour costs for low-wage earners (ie with a wage of 67% of the average production worker's wage for a single person with no children; and 100% for a married couple with two children).	OECD; Fiscal Affairs Statistics (for the APW work)
5. Lifelong learning (adult participation in education and training)	Percentage of population, aged 25-64, participating in education and training. (Adult participation in training over the 4 weeks prior to the survey).	Eurostat; Labour Force Survey.
6. Unemployment rate	Total unemployed individuals as a share of the total active population. Harmonised series. (Total, female and male population.)	Eurostat; Unemployment Statistics.

## **Innovation and research**

<b>Indicator</b>	<b>Definition</b>	<b>Source</b>
1. Educational attainment rate	Percentage of 15-19 year-olds in education, and share of science and technology graduates as percentage of population aged 20 to 29.	Eurostat, Labour Force Survey
2. R&D expenditure	Total R&D expenditure, broken down by business enterprise sector (BERD) and others (GERD – BERD) as a percentage of GDP.	Eurostat questionnaire compiled by the Member States
3. Level of internet access	Internet on-line active accounts (both residential, and a measure of business users).	Eurobarometer Survey
4. Patents	Number of European and US patents per million inhabitants (EPO and USPTO patents)	European Patent Office (EPO) and US Patent Office (USPTO).
5. Venture capital investments	Venture capital investments (i.e. private equity minus buyouts), relative to GDP. Breakdown by investment stages.	European Venture Capital Association (for EU), Price Waterhouse Coopers (for US).
6. ICT expenditure	ICT expenditures as % of GDP	European Information Technology Observatory (EITO)

## **Economic Reform**

<b>Indicator</b>	<b>Definition</b>	<b>Source</b>
1. Relative price levels and price convergence.	Relative price levels of private final consumption including indirect taxes (EU=100).	Eurostat / OECD (price statistics: PPP indicators)
2. Prices in the network industries	Price level and evolution in the telecommunications, electricity and gas markets.	Eurostat; Energy statistics. DG INFSO for telecommunications data.
3. Market structure in the network industries	Market share of the incumbent in the fixed and mobile telecommunications markets. Market share of the largest generator in the electricity market.	Commission study for electricity. DG INFSO for telecommunications data.
4. Sectoral and ad hoc State aid	State aid (sectoral and ad hoc) as a percentage of GDP.	DG COMP
5. Trade integration	Total exports of goods plus total imports of goods divided by 2*GDP (with sectoral breakdown if possible)	Eurostat
6. Capital raised on stock markets	Capital raised on stock markets as a percentage of GDP.	Fédération Internationale des Bourses de Valeurs (FIBV).
7. Business investment	Business investment expenditure as a percentage of GDP	Eurostat, national accounts

## **Social Cohesion**

<b>Indicator</b>	<b>Definition</b>	<b>Source</b>
1. Poverty rate before and after social transfers	Share of population below the poverty line before and after social transfers. Poverty line defined as 50% of the median-equivalised income.	Eurostat; European Community Household Panel (ECHP).
2. Persistence of poverty	Share of population continuously below the poverty line, defined as 50% of the median-equivalised income, for three consecutive years.	Eurostat; European Community Household Panel (ECHP).
3. Regional cohesion	Coefficient of variation of employment rates at NUTS 2 level across regions within countries.	Eurostat LFS.
4. Early school-leavers not in further education or training	Share of the population aged 18-24 with only lower secondary education and not in education or training.	Eurostat; Labour Force Survey.
5. Long-term unemployment	Total long-term unemployed (over 12 months) as a share of total active population – harmonised series.	Eurostat; based on Labour Force Survey.
6. Jobless households	Share of households in which no member is in employment among all households in which at least one person is active.	Eurostat LFS

## **Environment**

NB Environment indicators to be agreed by the Environment Council. The following indicators reflect the amendments proposed by the EPC to the indicators proposed by the Commission.

<b>Indicator</b>	<b>Definition</b>	<b>Source</b>
1. Emissions of greenhouse gases	Aggregated emissions of 6 main greenhouse gases (CO <sub>2</sub> , CH <sub>4</sub> , N <sub>2</sub> O, HFCs, PFCs and SF <sub>6</sub> ) expressed in CO <sub>2</sub> -equivalents, adjusted according to GDP or per capita.	European Environment Agency NAMEA
2. Energy intensity of the economy	Gross inland consumption of energy divided by GDP, if possible adjusted for renewable sources.	Eurostat; Energy Statistics.
3. Volume of transport relative to GDP (freight and passengers, with modal split)	Index of (freight and passenger) transport volume relative to GDP, with modal split. Measured in tonne-km / GDP and, if possible, vehicle-km / GDP.	Eurostat / DG TREN / US Bureau of Transportation Statistics.
4. Urban air quality	Indicators based on the concentrations of ozone and particulates in urban areas (number of days of pollution exceeding standards for each of the two selected air pollutants).	European Topic Centre / Air Quality
5. Municipal waste	Municipal waste (collected, landfilled and incinerated), adjusted for recycled waste. Measured in kg per person per year	Eurostat; Environment Statistics.
<i>Sixth indicator to be determined by the Environment Council</i>		