

19 November 2013

Screening report

Montenegro

Chapter 18 – Statistics

Date of screening meetings:

Explanatory meeting: 3 & 4 June 2013

Bilateral meeting: 24 & 25 June 2013

I. CHAPTER CONTENT

The *acquis* in statistics consists almost exclusively of legislation which is directly applicable in Member States such as European Parliament and Council Regulations and Commission Decisions and Regulations. The statistical *acquis* contains also a wide range of methodological handbooks and manuals in the various statistical domains such as agriculture, economic and monetary policy, demographic and social statistics and research. International agreements or international standards as the code of practise in statistics provide a further base for the statistical production.

II. COUNTRY ALIGNMENT AND IMPLEMENTATION CAPACITY

This section summarises the information provided by Montenegro and the discussion at the screening meeting.

Montenegro indicated that it can accept the *acquis* regarding statistics. Montenegro indicated that it does not expect any difficulties to implement the *acquis* by accession.

II.a. Statistical Infrastructure

The statistical office of Montenegro (MONSTAT) is the main producer and the overall coordinator of statistics in Montenegro. Other main producers are the Central Bank of Montenegro and the Ministry of Finance whereas several government agencies are also producers of official statistics. The framework for statistics is set by the "Law on Official Statistics and Statistical System of Montenegro" (OJ MNE no 18/2012). Furthermore MONSTAT has drafted a statistical strategy 2014-18 in which the comprehensive development of the statistical production is outlined. The programme of official statistics and the rulebook on organisation and systematization complete the regulatory framework. Montenegro informed that the majority of memoranda of understanding with other producers of official statistics are in place.

Montenegro stated that it is committed to the principles for the production of official statistics as laid down in Regulation (EC) No 223/2009. Data would be produced on the basis of professional independence, impartiality, objectivity, reliability, statistical confidentiality and cost effectiveness.

The current workforce amounts to 108 staff. The representatives of MONSTAT underlined that taking into account the requirements resulting from the comprehensive development of statistics, resources need to be substantially augmented.

II.b. Classification and Registers

Montenegro informed that the major European statistical classifications are implemented. NACE (Statistical Classification of Economic Activities in the European Community) Rev. 2, and the NUTS (Nomenclature of Territorial Units for Statistics) are highly compliant, while the CPA (Classification of Products by Activity) is not applied in all statistical areas. Further fine-tuning is on-going. The GEONOM (Country Nomenclature of External Trade statistics and statistics of Trade between Member States) requires further work according to Montenegro and its finalization is scheduled for 2015. Montenegro informed that the international standard classification of occupations (ISCO-08) is implemented and that the international standard classification of Education (ISCED) needs to be transposed into national classifications.

Moreover, Montenegro stated that the PRODCOM list (List of Products of the European Community) is applied since 2011 but needs considerable further development.

II.c. Sectoral Statistics

In the sector **agriculture and fisheries** Montenegro stated that the Farm Structure Survey according to Regulation (EC) No 1166/2008 of the European Parliament and of the Council is not implemented in the periodicity requested by the *acquis*. Efforts are needed for the comprehensive submission of variables. In addition, Montenegro informed that it had conducted the agricultural census in 2010 and that it had published the results subsequently. Methodological work on the farm register is on-going. As regards crop statistics, they are partially implemented and MONSTAT plans full alignment for 2014. According to Montenegro the situation is similar for milk and dairy statistics which are described as partially aligned. According to Montenegro survey techniques remain to be refined and data transmission needs to be enhanced in this area. Further Montenegro stated that livestock and slaughter statistics need methodological redesigning and that hatcheries (egg) statistics still need to be introduced. Montenegro informed that the orchards and vineyard surveys (Regulation (EU) No 1337/2011) remain equally to be introduced. This is also the case for Supply Balance Sheets, the Economic Accounts for Agriculture (EAA), the Agricultural Price Index (API) and the Agriculture Labour Input (ALI) as foreseen by Regulation (EC) No 138/2004. Montenegro informed that the latter all remain to be established. Moreover, Montenegro plans to introduce the agro-environmental statistics in 2013. The Montenegrin delegation informed that the survey on land use and land cover (LUCAS) has not been conducted.

Montenegro informed that the **Fishery Statistics** (Regulation (EC) No 1921/2006 and Regulation (EC) No 762/2008) on fishery products, catches, landings and aquaculture and fishing fleet were of a low compliance and efforts need to be made in order to provide data in the required frequency and breakdown. Furthermore, Montenegro declared that statistics on organic production and breeding remain to be introduced. In order to improve the overall quality of agricultural statistics, MONSTAT has signed a memorandum of understanding with the Ministry of Agriculture and Rural Development.

Montenegro stated that in the sector of **energy and environment** the structural statistics of energy according to Regulation (EC) No 1099/2008 are already partially compliant. Data transmission to Eurostat has already started and methodological development is on-going. Moreover, the production of short-term energy statistics has just been launched. The statistics on energy prices are described as highly compliant. Montenegro informed further that waste statistics (Regulation (EC) 2150/2002) are already collected but the comprehensiveness needs to be enhanced. According to Montenegro, environmental accounts (air emissions accounts, environmentally related taxes by economic activity and economy-wide material flow accounts) remain to be established. Montenegro explained that forestry statistics are at a low level of compliance and require considerable further development.

Concerning the **external trade statistics** Montenegro informed that Extrastat has been introduced but further methodological development is required. In addition Montenegro informed that the initial planning for Intrastat, which measures trade between EU-Member States, has started. A memorandum of understanding between MONSTAT and the Montenegrin customs administration is already in place.

Montenegro stated that **Science, Technology and Innovation Statistics** are partially developed: The ICT (Information & Communication Technologies) usage statistics are already introduced and quite developed but MONSTAT would need to deliver the necessary

breakdown, a quality report and the related data. The postal statistics are reported to be in line with the *acquis*. Montenegro stated that telecommunications statistics are produced but need further revision.

Montenegro informed that R&D (Research and Development statistics) are of a low compliance. Whereas MONSTAT produces R&D personnel statistics, the GBOARD (Government Budget Appropriations and Outlays on Research and Development) and GERD (Gross Domestic Expenditure on Research and Development) and Innovation statistics are reported to be not yet available. Patent, Human resources in Science & Technology statistics, High Tech industries and knowledge intensive service industries are equally not available.

Montenegro informed that in the sector of **economic and monetary policy**, statistics on National Accounts (European System of Accounts 1995 – Council Regulation (EC) 2223/96) are partially aligned with the requirements of the *acquis*. Montenegro informed that MONSTAT currently compiles GDP according to the production approach (annually and quarterly) and expenditure approach (only annually) but not to the income approach as required by the *acquis*. Montenegro stated that it needs to develop the annual and quarterly statistics according to the ESA 95 transmission tables in a complete manner. Particular efforts would be required for the comprehensive creation of an inventory of methods and sources for the compilation of National Accounts. Moreover Montenegro stated that it needs to develop financial accounts and supply and use tables. Last but not least Montenegro stated that it has to improve the calculations on FISIM (Financial Intermediation Statistics Indirectly Measured) and on Gross National Income (GNI). MONSTAT informed that it plans to align the sector by 2015 subject to the availability of adequate resources. Montenegro informed that it is committed to follow the development of the *acquis* in this area and will comply with the *acquis* in force by the time of accession.

Montenegro stated that the Excessive Deficit Procedure Statistics is produced by the Ministry of Finance of Montenegro. It plans to use the ESA 95 (or its successor) standards for government accounts until 2021.

Montenegro informed that the **Balance of Payments** is –as in other countries- produced by the Central Bank of Montenegro. It is compiled in broad compliance with the balance of payments (BOP) Manual, 5th edition, and the Regulation (EC) 184/2005 of the European Parliament and Council. The Central Bank of Montenegro informed that methodological improvements are planned. It stated that foreign direct investment statistics (FDI) are equally in broad compliance with the *acquis*. Further work needs to be directed to the transition to the 6th edition of the BOP manual and to the comprehensive and complete production of quarterly BOP data.

Montenegro informed that **price statistics** are produced by MONSTAT. The Harmonised Index of Consumer Prices (**HICP**) of Montenegro is described as highly compliant with the requirements. According to Montenegro further work to improve compliance is on-going. Montenegro stated that **Purchasing Power Parities (PPP)** as laid down by Regulation (EC) 1445/2007 are highly compliant. The representatives of MONSTAT explained that statistics for the calculation of remunerations and pensions of EU Staff are not yet collected.

The **Structural Business Statistics** (Regulation (EC) No 295/2008) and **Short Term Statistics** (Regulation (EC) No 1165/2008) are according to Montenegro already implemented and partially compliant. Montenegro informed that further efforts are needed concerning quality improvements, the introduction of kind-of-activity units and the coverage of variables. The situation is similar in the **Business Register** (Regulation (EC) 177/2008) where update procedures and data sources need further work. Particular attention is needed according to Montenegro for the definition of enterprise groups and local units. In order to increase the

quality of data from the Business register, MONSTAT has signed a memorandum of cooperation with business associations (Montenegro Business Alliance, 2012, and the Union of Employers of Montenegro, 2013). Montenegro stated that the **PRODCOM** (List of Products of the European Community) statistics are equally partially compliant and that data transmission to EUROSTAT has started.

Montenegro informed that the collection of **Foreign Affiliates Statistics** (FATS) according to Regulation (EC) No 716/2007 has started with a pilot survey in 2012. Methodological work is on-going and data transmission to Eurostat is scheduled for 2014.

Montenegro stated that **Tourism Statistics** are of particular importance for Montenegro as tourism contributes considerably to the Gross Domestic Product (GDP) of the country. Monthly and annual data on arrivals and nights spent at tourist accommodation establishments and on net occupancy rates of bed places as well as annual capacity data are already available. Montenegro stated that further work is required for data on net occupancy rates of bedrooms and in particular for data on national tourism (participation and tourism trips), where no data is collected so far. Moreover, according to Montenegro, tourism satellite accounts are being introduced.

Montenegro highlighted that it had organised a **Census of Population and Housing** according to the *acquis* in 2011. Almost all data is published but a quality report is still pending. They stated that **Demographic Statistics** on live births and deaths need further fine-tuning.

Montenegro informed that statistics on **Migration and Asylum** are in an initial phase of compliance. A memorandum of understanding between the statistical office and the Ministry of the Interior on data transmission is pending. Data is reported to be available. Montenegro states that statistics on illegal immigration, asylum and residence permits need further preparatory work.

According to Montenegro **Public Health and Health & Safety at work statistics** according to Regulation (EC) No 1338/2008 have been introduced but need further improvements. Montenegro informed that the Causes of Death (Regulation (EC) 328/2011) and the accidents at work (Regulation (EC) No 349/2011) statistics are published by the Institute of Public Health but the data collection remains to be developed in conformity with the *acquis*. Montenegro underlined that further work is equally required for the health surveys.

According to Montenegro the **Labour Market Statistics** are already implemented. Montenegro informed that a Labour Force Survey is conducted continuously and thus highly compliant. As regards **Earnings and Labour Cost Statistics**, the earnings statistics are fully developed whereas the Labour Cost Index and the Structure of Earnings remain according to Montenegro to be established. The Labour Cost Survey is according to Montenegro introduced. It stated that work to collect data for Job Vacancy Statistics is under way.

As regards the **Survey of Income and Living Conditions** (SILC-Regulation (EC) No 1177/2003) Montenegro has launched a pilot data collection. The regular survey is not yet fully implemented. In addition, Montenegro informed that there is a national Household Budget Survey which provides input to the national accounts.

The European social protection statistics (**ESSPROS**) as required by Regulation (EC) No 458/2007 and subsequent implementing Commission Regulations EC (No) 1322/2007, (No) 10/2008, (No) 110/2011 and (No) 263/2011 are according to Montenegro not in place.

As regards education and training statistics the **Continuous Vocational Training Survey** and **the Adult Education Survey** are currently not conducted. Montenegro informed that it plans to harmonise the sector by 2015/16 with the *acquis*. The Education statistics based on the UNESCO-OECD-Eurostat (UOE) data collection are according to Montenegro in place but not yet fully aligned with the *acquis*.

Montenegro stated that the **transport statistics** are only partially implemented. The railway statistics (Regulation (EC) No 91/2003) are according to Montenegro produced in partial alignment with the *acquis* but the passenger mobility survey has not been conducted yet. Montenegro declared that road network data and road accident data are not available. A road freight survey as required by Regulation (EC) No 70/2012 was launched in 2013 but results are not yet available. Montenegro explained that the air passenger and air transport statistics (Regulation (EC) No 437/2003) are not compliant and that their harmonisation is planned for 2015. Montenegro declared that statistics on traffic by ports are not yet harmonised with the EU *acquis* (Regulation (EC) No 2001/423). Moreover Montenegro informed that inland waterways statistics are irrelevant for the country since the country does currently not have any significant commercial traffic on Lake Skadarsko. Montenegro stated that the transport safety statistics are partially aligned, but need complementary work. Montenegro reported that data transmission to Eurostat has only started for railway statistics.

III. ASSESSMENT OF THE DEGREE OF ALIGNMENT AND IMPLEMENTATION CAPACITY

Overall, Montenegro's statistical capacity is moderately advanced but needs considerable further strengthening. Given its starting position as a regional office in Yugoslavia and then in the Union of Serbia and Montenegro, Montenegro's statistical system has made considerable progress in the years since independence. However, with a view to the substantial remaining challenges resources need to be upgraded in order to cope with the workload evolving from the comprehensive implementation of the *acquis*.

III.a. Statistical Infrastructure

The statistical infrastructure is in line with the *acquis* and international standards.

Important parts of the *acquis* are implemented by the Central Bank of Montenegro, the Ministry of Finance and other government agencies.

Whereas the legal alignment is high, the administrative capacity remains limited due to insufficient human resources. The allocation of adequate resources is crucial for compliance in key statistical areas such as national accounts.

III.b. Classifications and registers

The main classifications are in place and are in compliance with the *acquis*. MONSTAT has implemented NACE (Statistical Classification of Economic Activities in the European Community) Rev. 2 and the international standard classification of occupations (ISCO-08) and applies NUTS (Nomenclature of Territorial Units for Statistics), The CPA (Classification of Products by Activity) is applied in some but not in all statistical areas. Further work is required for the GEONOM (Country Nomenclature of External trade statistics and statistics of Trade between Member States) and the PRODCOM list (List of Products of the European Community). The statistical business register needs update procedures and further methodological consolidation. The farm register needs further fine-tuning.

Overall, no major obstacles are expected in this area.

III.c. Sector Statistics

Concerning **agriculture** the Farm Structure Survey is not compliant, as the 2013 Farm Structure Survey is not planned according to the requirements of the *acquis*. MONSTAT conducted a highly aligned agricultural census in 2010 and subsequently published the results. Quality improvements and methodological work for farm statistics are still required. The crop statistics are partially aligned with the *acquis* but not yet produced in the necessary statistical breakdown. Milk and dairy statistics are equally partially aligned. Survey techniques remain to be refined and data needs to be transmitted. Livestock and slaughter statistics are partially aligned and need methodological redesigning and hatcheries (egg) statistics still need to be introduced. Orchards and vineyard surveys (Regulation (EC) No 1337/2011) remain equally to be introduced. This is also the case for Supply Balance Sheets, the Economic Accounts for Agriculture (EAA), the Agricultural Price Index (API) and the Agriculture Labour Input (ALI) as required by Regulation (EC) No 138/2004. The statistical surveys need to be designed and data need to be collected. The agro-environmental statistics will be introduced in 2013. The land use and land cover (LUCAS) survey is not introduced.

The **fishery statistics** on fishery products, catches, landings, aquaculture and fishing fleet are not in line with the *acquis* and considerable efforts are needed to be made in order to provide data in the required frequency and breakdown. Statistics on organic production and breeding need to be introduced.

In the sector of **energy and environment** the structural statistics on energy are overall partially in line with the *acquis*. The production of short-term energy statistics has just started and is therefore not yet in line with the *acquis*. Statistics on energy prices are almost complete and largely aligned. Energy efficiency statistics were added to the *acquis* in 2012 and the implementation has not yet started in Montenegro. The waste statistics are already collected but the coverage has to be improved and the respective data remains to be submitted to Eurostat. The environmental accounts (air emissions accounts, environmentally related taxes by economic activity and economy-wide material flow accounts) remain to be established. Forestry statistics are not in line with the *acquis* and require considerable further development.

As regards **external trade** Extrastat has been introduced but further methodological development is required. Intrastat, which measures trade between EU-Member States, is only relevant upon accession.

Science, Technology and Innovation Statistics are not in line with the *acquis*: The ICT usage statistics were already partially introduced but MONSTAT needs to deliver the comprehensive breakdown, a quality report and the related data. The postal and telecommunication are equally introduced but not fully in line and dissemination of data to Eurostat has not started. R&D (Research and Development statistics) are equally not in line. Whereas MONSTAT produces R&D personnel statistics, the Innovation, GBOARD (Government Budget Appropriations and Outlays on Research and Development) and GERD (Gross Domestic Expenditure on Research and Development) statistics are not yet available. Statistics on patent, human resources in Science & Technology and on high tech industries and knowledge intensive service industries are equally not yet available.

In the area of **economic and monetary policy** Montenegro's statistics are partially in line with the European System of Accounts. MONSTAT currently compiles Gross Domestic Product data according to the production approach (annually and quarterly) and expenditure approach (only annually), but not the income approach as required by the *acquis*. The annual and quarterly statistics as required by the ESA 95 transmission tables remain to be developed in a complete manner. Considerable efforts are required for the improvement of methodological compliance with the European standards and the creation of an inventory of sources and methods used for the compilation of national accounts as well as for the development of financial accounts and supply and use tables. Furthermore, Montenegro has to improve the calculations on FISIM (Financial Intermediation Statistics Indirectly Measured) and to estimate Gross National Income (GNI). The Excessive Deficit Procedure (EDP) notification is under the responsibility of the Ministry of Finance but the Commission recommends that MONSTAT should progressively become in charge of it. The EDP notification is not yet in line with the *acquis*. The Commission will monitor progress in the implementation of the methodological framework for the EDP notification. Compliance should be reached substantially faster than by 2021.

Statistics on the **Balance of Payments** are compiled by the Central Bank of Montenegro. They are broadly in line with the balance of payments manual in 5th edition and Regulation (EC) No 184/2005. Further methodological improvements are still required. Foreign Direct Investment statistics (FDI) are equally broadly in line with the *acquis*. Montenegro will have to migrate to

the 6th edition of the BOP manual. The comprehensive and complete production of quarterly BOP data remains to be achieved.

Price statistics as the Harmonised Index of Indices of Consumer Prices (**HICP**) and **Purchasing Power Parities (PPP)** are highly aligned. Further improvements are required. Statistics for the calculation of the remuneration and pensions of EU Staff are not yet collected.

Structural Business Statistics and **Short Term Statistics** are already implemented in Montenegro and are partially in line with the *acquis*. Further quality improvements, the introduction of kind-of-activity units and the comprehensive production of the set of variables are necessary. The situation is similar in the **Business Register** where update procedures and data sources need further attention. Particular attention is also required for the definition of enterprise groups and local units. The **PRODCOM** (industrial production) statistics are linked to the business register and therefore equally partially aligned.

Foreign Affiliates Statistics (FATS) are partially aligned with the *acquis*.

Tourism Statistics are partially aligned with the *acquis*. Monthly and annual data on arrivals and nights spent at tourist accommodation establishments and on net occupancy rates of bed places as well as annual capacity data are in line and sent to Eurostat. Work remains to be done on statistics on net occupancy rates of bedrooms and in particular on national tourism. Moreover, tourism satellite accounts remain to be introduced.

The **Demographic** statistics are largely in line with the *acquis*. Montenegro organised an *acquis* conform census of population and housing in 2011 and has subsequently published almost all census data. A quality report remains to be submitted. Statistics on live births and deaths need further source data improvement.

Statistics on **Migration and Asylum** are not aligned. Statistics on illegal immigration, asylum and residence permits are not yet produced.

Public Health and Health & Safety at work statistics are not yet aligned with the *acquis*. MONSTAT has passed the responsibility to the Institute of Public Health where the data collection needs to be developed in conformity with the *acquis*. Further work is equally required for the introduction of health surveys.

The **Labour Market Statistics** are broadly aligned with the *acquis*. Further improvements are underway. As regards **Earnings and Labour Cost statistics**, the Labour Cost Index and the Structure of Earnings remain to be established. The Labour Cost Survey has been introduced but is not fully aligned.

A pilot survey of **Income and Living Conditions (SILC)** has been launched in Montenegro but there is no data transmission as required by the *acquis*. The social protection statistics (**ESSPROS**) are not yet implemented. This also applies for the education and training statistics as the **Continuous Vocational Training Survey** and the **Adult Education Survey**.

Transport statistics need to be upgraded: Railway statistics are partially aligned but the Passenger Mobility survey is not conducted yet and the Road Freight Transport Survey was launched only in 2013 and results are not yet available. Road network data and road accident data are not transmitted to Eurostat. The air passenger and air-transport statistics as well as statistics on traffic by ports are not aligned. The transport safety statistics are partially aligned but require further work.

Overall, additional resources are necessary before Montenegro can become fully compliant in sector statistics.