

Opinion of the Economic and Social Committee on the 'Proposal for a Regulation of the European Parliament and of the Council on the establishment of a common classification of Territorial Units for Statistics (NUTS)'

(2001/C 260/11)

On 12 March 2001 the Council decided to consult the Economic and Social Committee, under Article 262 of the Treaty establishing the European Community, on the above-mentioned proposal.

The Section for Economic and Monetary Union and Economic and Social Cohesion, which was responsible for preparing the Committee's work on the subject, adopted its opinion on 26 June 2001. The rapporteur was Mr Walker.

At its 383rd plenary session (meeting of 11 July 2001), the Economic and Social Committee adopted the following opinion by 111 votes to two with two abstentions.

1. Introduction

1.1. Regional statistics are a cornerstone of the European Statistical System; they are used for a wide range of purposes and a wide range of users. The regional data of the EU Member States are, inter alia, used for allocating Structural Funds in a rational and consistent way. Hence, regional statistics are the objective statistical base for important political decisions.

1.2. All regional statistics have to be based on a geographical division of the country studied. Eurostat, in collaboration with other Commission departments, set up the Nomenclature of Statistical Territorial Units (NUTS) at the beginning of the 1970s as a single, coherent system for dividing up the European Union's territory in order to produce regional statistics for the Community.

1.3. This NUTS classification has gained increasing importance in recent years as the basis for harmonised, and thus comparable, regional data. NUTS is used as a reference for the collection, development, harmonisation and dissemination of Community regional statistics.

1.4. So far, the NUTS classification has had no legal basis of its own (i.e. there is no Regulation setting out in detail the rules for compiling and updating the system). These matters have been settled thus far by 'gentlemen's agreements' between each Member State and Eurostat, sometimes after prolonged and difficult negotiations. NUTS is then published by Eurostat.

1.5. There are several stages to applying the regional classification to a particular country. First, the administrative structure is analysed; next, a check is made of whether regional data are collected and disseminated on the basis of this regional breakdown, which they usually are. The average size (in terms of population) of the units of the various Existing

Administrative Units (EAU) is then analysed to determine where these levels belong in the hierarchy of the regional classification. There are two possible outcomes:

- the average size broadly corresponds to that of an existing level within the NUTS classification (in this case, the administrative structure in question is adopted in its entirety, without change, as the regional breakdown at this level);
- no administrative structure has an average size within the threshold mentioned above (in this case, in line with the practice adopted for Member States, an ad hoc breakdown is compiled, called 'Non-administrative Units', in collaboration with the country concerned, by grouping together smaller administrative units).

1.5.1. In the first case, the region is politically defined; as a result, the size of certain units may differ widely from the average size of units registered at this level. The German Länder are an example of a country with Existing Administrative Units. Some Member States (e.g. Portugal and the UK) do not have Existing Administrative Units.

1.6. It should be noted that the Commission's proposals would not affect the status quo in any Member State. The aim is to produce greater co-ordination and less divergence in the future.

1.7. The proposed Regulation would also provide the candidate countries with the framework for a consistent regional breakdown of their territory for statistical purposes on accession.

1.8. The Commission contends that, in accordance with the principles of subsidiarity and proportionality, the objective of creating a harmonised regional classification, used for all European regional statistics, can only be achieved at the Community level.

2. The Commission's proposals

2.1. The details of the Commission's proposals are set out in Appendix 1.

3. Comments

3.1. The Committee approves the principle of providing a clear legal basis for a single, coherent system of regional statistical analysis, both for the existing Member States and the candidate countries on accession.

3.2. Given that these statistics serve as the basis for important political decisions, it is obvious that the existence of such a system is fundamental to the proper working of the Structural Funds.

3.3. The Committee would point out that the second sentence of the second paragraph of the proposed Article 3 (4) reads as follows:

'The size of the non-administrative units in a Member State for a given NUTS level shall lie within the population thresholds referred to in paragraph 2'.

3.3.1. As it is written, this would require that the population of each and every Non-administrative Unit should fall within the upper and lower limits delineated for each NUTS level, and would imply that an adjustment would be required whenever a Non-administrative Unit went outside of these limits, whereas the Commission's explanatory memorandum makes it clear that the determining factor is the average size of the NUTS units at any given level in a given country.

3.3.2. Therefore, in order to give effect to the Commission's intentions, the words, 'the size of the non-administrative units ...' should be amended to read, 'The average size of the non-administrative units ...' prior to enactment.

3.3.3. Unless this is done, the effect of the Regulation will be very different from that which is envisaged.

3.4. Whilst recognising that the comparability of regional statistics requires that, in normal circumstances, the regions be of comparable size in terms of population, the Committee believes it is nevertheless necessary to take into account the special situation of islands and outermost regions which, by their very nature, are physically isolated from the rest of the Community territory.

3.4.1. The Committee notes the classification criteria outlined in the proposed Article 3 of the regulation and the arrangements for amendments by the Commission in accordance with the procedures referred to in Article 7 paragraph 2. Notwithstanding the proposed general criteria, the Committee urges the Commission to ensure that the NUTS classification recognises the special situation of the islands and outermost regions, and identifies them distinctively and separately, irrespective of the thresholds mentioned in paragraph 2 of Article 3.

3.4.2. There is no guarantee that even those regions which are presently identified as separate NUTS units will remain so in future. Once enlargement has taken place, the Commission may wish to 'harmonise' all NUTS areas across the EU and progressively apply the same thresholds to all existing NUTS areas. In this context, the Committee notes that the Commission would have full powers to modify the list of NUTS areas quoted in the Appendix to the draft Regulation, subject only to a veto by the Council, acting by a qualified majority. The Committee urges the Commission to exercise these powers only when there are clear-cut changes requiring such adjustment.

3.5. Article 5 (4) requires that, after an amendment to NUTS is adopted, the member State concerned must ensure, within two years, the provision of historical time series for the new regional breakdown for the last five years. The Committee considers that this could constitute an onerous commitment in some cases.

3.6. The Committee concurs with the Commission that the objective of creating a harmonised regional classification for all European regional statistics can only be achieved at Community level.

Brussels, 11 July 2001.

The President
of the Economic and Social Committee
Göke FRERICHS

APPENDIX

to the opinion of the Economic and Social Committee

HAVE ADOPTED THIS REGULATION:

*Article 1***Subject matter**

1. The purpose of this Regulation is to establish a common statistical classification of territorial units, hereinafter referred to as 'NUTS', in order to ensure the production and dissemination of comparable regional statistics in the Community.
2. The NUTS classification laid down in Annex I shall replace the 'Nomenclature of Territorial Units for Statistics (NUTS)' established by the Statistical Office of the European Communities in co-operation with the national institutes for statistics of the Member States.

*Article 2***Structure**

1. The NUTS classification comprises for each region a specified code and name. It subdivides the economic territory of the Community, as defined in the Commission Decision 91/450/EEC of 26 July 1991 ⁽¹⁾, [7] into territorial units, hereinafter referred to as 'regions'.
2. The NUTS classification is hierarchical. It subdivides each Member State into NUTS level 1 regions, each of which is subdivided into NUTS level 2 regions, these in turn each being subdivided into NUTS level 3 regions.
3. However, a particular region may represent several levels of NUTS.
4. Two different regions in the same Member State may not be identified by the same name. If two regions in different Member States have the same name, the country identifier is added to the region name.

*Article 3***Classification criteria**

1. Existing administrative units within the Member States constitute the first criterion used for the definition of regions.

To this end, 'administrative unit' shall mean a geographical area with an Administrative Authority that has the power to take administrative or policy decisions for that area within the legal and institutional framework of the Member State.

2. In order to establish the relevant level of NUTS in which a given class of administrative units in a Member State is to be classified, the average size of this class of administrative units in the Member State shall lie within the following population thresholds:

Level	Minimum	Maximum
NUTS 1	3 million	7 million
NUTS 2	800 000	3 million
NUTS 3	150 000	800 000

⁽¹⁾ OJ L 240, 29.8.1991.

3. The existing administrative units that are used for the NUTS classification are laid down in Annex II. Amendments to Annex II may be adopted by the Commission in accordance with the procedure referred to in Article 7 paragraph 2.

4. If for a given level of NUTS no administrative units of a suitable scale exist in a Member State, in accordance with the size criteria referred to in paragraph 2, this NUTS level shall be constituted by aggregating an appropriate number of existing smaller administrative units. This aggregation shall take geographical, socio-economic, historical, cultural and/or other relevant criteria into consideration.

The resulting aggregated units shall hereinafter be referred to as 'non-administrative units'. The size of the non-administrative units in a Member State for a given NUTS level shall lie within the population thresholds referred to in paragraph 2.

However, because of particular administrative and geographical circumstances, to be appreciated by the Commission, individual non-administrative units may deviate from these thresholds.

5. If the population of a whole Member State is below the maximum threshold for a given NUTS level, the whole Member State will be one NUTS region for this level.

Article 4

Components of NUTS

1. Within six months after the entry into force of this Regulation, the Commission shall, after consulting the Member States, publish the components of each NUTS level 3 region in terms of local administrative units.

The existing local administrative units are laid down in Annex III. Amendments to Annex III may be adopted by the Commission in accordance with the procedure referred to in Article 7 paragraph 2.

2. Within the first six months of each year, Member States shall transmit all changes of the components for the previous year, respecting the electronic data format requested by the Commission.

3. If any of the changes of local administrative units leads to a need to change the NUTS 3 boundaries, the provisions of Article 5 apply.

Article 5

Amendments to NUTS

1. The Member States shall inform the Commission of all modifications to existing administrative units, as well as of all other changes at national level that may affect the classification criteria laid down in Article 3.

2. Amendments to the NUTS classification laid down in Annex I may be adopted by the Commission, at intervals of not less than every three years, on the basis of the criteria laid down in Article 3, in accordance with the procedure referred to in Article 7 paragraph 2.

3. The Commission shall amend the non-administrative units in a Member State, as referred to in Article 3 paragraph 4, only if, at the NUTS level in question, the amendment reduces the standard deviation of the size (in terms of population) of all EU regions.

4. Amendments to the NUTS classification shall enter into force on the first day of a quarter two years after their adoption in accordance with the procedure referred to in Article 7 paragraph 2.

5. After an amendment to NUTS is adopted, the Member State concerned must ensure within two years the provision of historical time series for the new regional breakdown for the last five years.

*Article 6***Management**

The Commission shall take the necessary measures to ensure the consistent management of the NUTS classification. In particular, such measures may include:

- (a) Drafting and updating of explanatory notes on NUTS.
- (b) Examination of problems arising from the implementation of NUTS in the Member States' classifications of regions.

*Article 7***Procedure**

1. The Commission shall be assisted by the Statistical Programme Committee, instituted by Article 1 of Council Decision 89/382/EEC, Euratom ⁽¹⁾.
2. Where reference is made to this paragraph, the regulatory procedure laid down in Article 5 of Council Decision 1999/468/EC shall apply, in compliance with Article 7 and Article 8 thereof.
3. The period provided for in Article 5(6) of Council Decision 1999/468/EC shall be three months.

*Article 8***Entry into force**

This Regulation shall enter into force on the twentieth day following that of its publication in the Official Journal of the European Communities.

⁽¹⁾ OJ L 181, 28.6.1989, p. 47.