

“Progress in Statistical Harmonization in the MERCOSUR”

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ABSTRACT

Argentina, Brazil, Paraguay and Uruguay approved the creation of the Southern Common Market (MERCOSUR), a social, political and economic agreement established in 1991 by the Treaty of Asunción and later amended and updated by the Treaty of Ouro Preto in 1994.

The European Union (EU) has been supporting the integration process related with the MERCOSUR countries and has also been pursuing the consolidation of economic and commercial relations with the regional bloc since the beginning of the MERCOSUR. This sponsorship has been reflected, for example, by the joint financing of several cooperation programs between both associations of countries.

The Second Cooperation Project in Statistics between the MERCOSUR and the European Union, signed in 2005, continued the path initially traced by the First Cooperation Project in this matter established in 1998. Specifically, the aim of this Second Project consisted in developing harmonized statistical indicators in connection with three main subjects: social statistics, economic statistics and horizontal topics. Among the activities of the Project, several training activities, methodological studies and technical assistances through eight working groups of European and MERCOSUR experts were included.

It is important to mention that in April 2010, after many years of a wide variety of efforts carried on by all of the National Statistical Offices of the MERCOSUR, an institutional instance for the development of a Regional Statistical System was created within the bloc. It is expected that this new entity, called “Statistical Specialized Meeting of the MERCOSUR”, will strengthen and accelerate the harmonization process currently experienced in the region.

This paper shows the progress made through the aforementioned Second Cooperation Project in Statistics, and includes the future program of harmonization of statistics based on common methodologies according with international standards (inputs) and by the way results are released (outputs), in order to have comparable statistics not only among MERCOSUR members but also between the bloc and the rest of the world.

1. Introduction

The purpose of this paper is to emphasize the progress made in statistical harmonization within the countries of the Southern Common Market (MERCOSUR), composed by Argentina, Brazil, Paraguay and Uruguay, through the activities carried out in connection with the Second Cooperation Project in Statistics between the MERCOSUR and the European Union.

It is important to perceive that regional statistical harmonization is not a process that could be done by one single act or by a single project. On the contrary, the process linked to a successful regional statistical harmonization is complex, continuous and permanent, therefore requiring specific and on-going efforts for every part involved.

In the particular case exemplified in this paper, the difficulties that naturally arise on most regional statistical harmonization efforts were amplified because of the existence of different realities within the four National Statistics Offices (NSOs) of the countries of the MERCOSUR. Those disparities are not only related to the heterogeneous budgetary resources available to each NSO. Also, they are connected with other factors such as the absolute geographical surface of each country, the heterogeneity in the production of statistics or the relationship of each NSO with the rest of the entities that take part of each National Statistics System. Thus,

the impact of the regional statistical harmonization process within the four National Statistics Systems is not irrelevant.

It is important to notice that each of the four countries hold their own particular interests, and, thus, the respect of such policies and definitions have to be adequately observed by every NSO, therefore increasing the chance of occurrence of a gap between the regional statistical harmonization process and specific national interests. Unlike, for example, the case of the European Union and its public statistics entity, Eurostat, the countries of the MERCOSUR don't have any supranational entity that leads the way in connection with the harmonization of regional statistics.

In addition, there are two different basic approaches available in order to pursue the objective of progressing towards a regional statistical harmonization. These methods, both the input and output harmonization, are independent of the existence of regional procedures or guidelines. An input harmonization requires a huge effort in terms of the adjusting of methodologies, questionnaires and validations, while an output harmonization implies that each NSO has more degrees of freedom in connection with the methodologies applied to produce each statistical indicator, as this method integrates different statistical sources related to the same issue.

2. The Second Cooperation Project in Statistics between the MERCOSUR and the European Union: an overview

Organization, Objectives and Personnel

The European Union and the countries of the MERCOSUR agreed on December of 2005 to initiate a Second Cooperation Project in Statistics, in order to guarantee the sustainability of the cooperation activities performed during the first Project on the same subject (carried on from 1998 to 2002). One important difference between both Projects is that while the first one was mainly focused on the analysis and improvement of Economic Statistics, the second one increased the emphasis on Social and Demographic Statistics.

The Common Market Group of the MERCOSUR, the executive body of the bloc, designated the Argentine National Institute of Statistics and Censuses (INDEC) as the Regional Coordinator of the Second Cooperation Project. Furthermore, the INDEC established a Management Unit composed by a Regional Director, National Coordinators from each of the four countries of the MERCOSUR and other financial and administrative staff.

Most of the personnel of the Management Unit also took part, along with the Directors of the four NSOs of the MERCOSUR, of the Direction Committee of the Project, an instance created in order to guarantee the institutional coordination needed to reach the objectives of the Project.

Several members of the European Union, including staff from Eurostat, took part of this Direction Committee, as well as other representatives from the MERCOSUR.

The general objective of the Project was to support both the ongoing integration process within the MERCOSUR and the strengthening of its national and regional institutions by the development, improvement, harmonization and integration of the production and dissemination of public statistics. Other specific objectives were: a) to encourage the harmonization and statistical development of the top issues defined by the Directors of the National Statistics Offices of the MERCOSUR and b) to facilitate the production of harmonized indicators, establishing in each case the most acceptable mechanism to guarantee the sustainability of every goal achieved.

As for the expected results, the Project looked to achieve visible advances in connection with the harmonization and development processes of Social and Economic Statistics within the MERCOSUR and to improve the definition and development of a global statistical harmonization process and institutional convergence within the environment of the NSOs of the MERCOSUR.

The formal activities of the Project started in March of 2007. This "Operative Execution Phase" lasted until December of 2010, after both the European Union and the countries of the MERCOSUR decided to extend the aforementioned phase six months (from June 2010 until December of the same year) to improve the final outcome of the Project. Afterwards, the "Closing Phase" of the Project lasted from December 2010 until June 2011. The budget assigned to the Project totaled € 3,161,210, which included € 2,000,000 of European financial contribution and € 1,161,210 of the financial support of the countries of the MERCOSUR. It is estimated that the financial execution of the Project, as of June of 2011, reached 85% of the financial resources initially assigned.

Working Groups and Operative Execution

As a way to increase the productivity of the efforts carried out through the Project, eight different Working Groups were established, each one of them specializing in a particular issue. Every Working Group was composed by experts from each one of the four NSOs of the countries of the MERCOSUR as well as, in some cases, officials from their respective Central Banks. Their specific specialization was the following:

1. Heads of the National Statistics Offices
2. Employment and Income Distribution Statistics
3. Poverty measurement Statistics
4. National Accounts
- 4.1. Measurement of the Non-Observed Economy
5. Service Sector Statistics

6. Foreign Trade Statistics (specifically the Service Sector)
7. Classifications and Nomenclatures
8. Total Quality applied to Statistics

Besides taking part of the Direction Committee, the Working Group 1 also conducted the actions involved with the following important issues: Use of Administrative Records and Directories, Community System of Social Statistics, Distance Learning Course on Basic Demographics and a Community Statistical Plan (later named as "Mercosur Statistical Strategic Plan").

In connection with the ways the Operative Execution was carried out, the experts that took part of the Working Groups a) received specialized Technical Assistance from both International and Regional experts, b) developed different specialized studies related to particular issues (for example, an inventory of the Social Statistics available within the MERCOSUR or a proposal of a Statistical Strategic Plan of the MERCOSUR) and c) assisted to several Training and Cooperative Seminars, Tutorials and Discussion Groups both in the four NSOs of the MERCOSUR and in other referential European Statistics Offices (such as the Spanish INE, the Italian ISTAT and the European Eurostat).

In addition, to guarantee the information available to other stakeholders in connection with the activities carried out through the Project, several visibility actions were performed, mainly press reports and information published on the NSOs' web sites and on the specific web site of the Project allocated within the main server of the Brazilian National Statistics Office (IBGE).

The main products accomplished through the activities performed during the Project were the following ones:

- Two publications related to the harmonization of employment and income distribution statistics (one linked to the topic itself and the other one connected with the measurement of the concepts inherent to labour and income within the Labour Market Surveys).
- A proposal of harmonization of Poverty measurement within the countries of the MERCOSUR.
- An harmonized presentation of Tables and Accounts to be included on the web site of the Secretary of the MERCOSUR. These tables and accounts contain observations related to the methodological procedures adopted by each country in connection with the comparability of National Accounts' statistics.
- An inventory of Social Statistics produced by each NSO of the MERCOSUR.
- A Classification of Economic Activities of the MERCOSUR (related to the International Standard Industrial Classification -ISIC- rev. 4).
- A Classification of Product by Activities of the MERCOSUR (related to the MERCOSUR Common Nomenclature and to the Product Central Classification).

- A Classification of Economic Activities for Socio-Demographic Surveys for the MERCOSUR.
- A Correspondence Table between the MERCOSUR Common Nomenclature and the Classification of Product by Activities of the MERCOSUR and the Product Central Classification.
- A Document comprising Quality Standard Indicators applicable to the NSOs of the MERCOSUR.

3. Statistical Specialized Meeting of the MERCOSUR

Through the Resolution 14/10 (dated April 9th, 2010), the Common Market Group of the MERCOSUR established the creation of the “Statistical Specialized Meeting of the MERCOSUR” (or “REES”, according to its short form in both Spanish and Portuguese). The main purpose of the REES is to conceive a Statistical Strategic Plan for the MERCOSUR to enable the adoption of a harmonized statistical system within the mentioned bloc.

The REES, composed by the governmental representatives in charge of the National Statistics Systems of the countries of the MERCOSUR, will develop its activities, basically, in connection with the following issues: a) Demographic and Social Statistics, b) Environmental Statistics, c) Economic Statistics and d) Statistical Infrastructure and Processes. In addition, the REES will have to plan and apply specific activities in connection with the coordination of the Statistical Institutions that compose the National Statistics Systems of the countries of the MERCOSUR, the creation of a user friendly system to access to all the statistical data available, the improvement and widening of the quality control procedures related to the statistical indicators issued by the National Statistics Systems, the use of common methodologies, classifications and nomenclatures and the enhancement of the professional skills of the human resources employed by the National Statistics Systems.

The first meeting of the REES took place in the Brazilian city of Rio de Janeiro on December 8th, 2010. Afterwards, on March 17th and 18th of 2011, in Asunción, Paraguay, the REES celebrated its second meeting. One of the main outcomes of these meetings is the “2011 Annual Working Agenda”, which includes, for example, a regional plan focused to pursue harmonization and technical developments in areas such as visibility, global inventory of Statistics, relations with other formal institutions of the MERCOSUR, National Accounts and Classifications and Nomenclatures.

The REES represents the natural sustainability framework for the improvement and enlargement of the statistical harmonization results achieved during the Second Cooperation Project in Statistics between the MERCOSUR and the European Union. The fact that the REES is an institutionalized entity that is already established within other formal entities that compose

the functional structure of the MERCOSUR guarantees its sustainability in terms of political and technical support.

4. Conclusions

The most important conclusion of the ongoing statistical harmonization within the MERCOSUR is that, to guarantee the sustainability of the aforementioned process, each country must, at the same time, pursue efforts in order to increase the statistical harmonization within its respective National Statistical System. To do so, it is understood that each NSO, as well as the rest of the entities that conform each National Statistical System, should be able to allocate enough human, financial and technological resources in order to achieve the desired objectives.

Another crucial competence needed to carry on a successful statistical harmonization process is composed by the communication strategies applicable by each NSO to encourage and promote a continuous exchange of ideas between producers and users of public statistical information. Also, the NSOs must strengthen their statistical infrastructure by, for example, promoting the development and use of directories, sampling frames, mapping techniques and standardization.

Finally, it is important to understand that better statistical data will likely lead to more comparable statistical information among the countries of the region where a regional harmonization process is being pursued. The improvement of the quality and comparability of statistical information will allow the policy makers of each nation to formulate their respective decisions upon better information, which, in turn, would imply a better framework to promote employment, investments, economic growth and the reduction of poverty among the countries.

5. Bibliography

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