Instituto Nacional de Estadística

Press Release

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Harmonised Labour Cost Index (HLCI)
Third quarter 2007. *Provisional data*

The cost per hour worked increases 5.1% in the third quarter of 2007 with respect to the same period of 2006

The increase remains at 4.9% after adjusting for calendar and seasonal effects

The cost per hour worked increased 5.1% in the third quarter of 2007 with respect to the same period of 2006, according to provisional data from the Harmonised Labour Cost Index (HLCI). After adjusting for calendar and seasonal effects, the interannual rate registered the same 4.9% increase.

Harmonised Labour Cost Index (HLCI)
Third quarter of 2007

Base year 2000
Preview: provisional data

National index: total and by activity sections

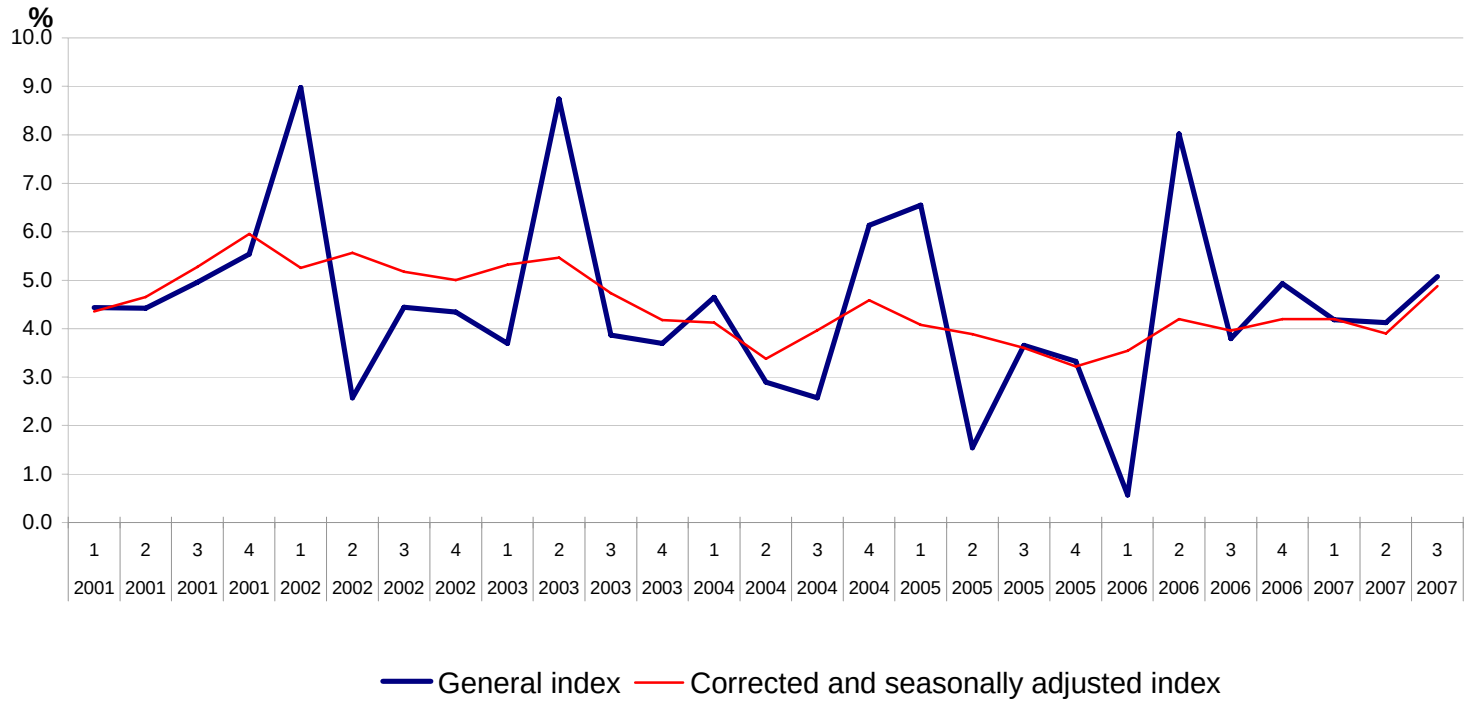
	General index		Index adjusted for calendar and seasonal effects	
	Index	Rate (1)	Index	Rate (1)
TOTAL	141.2	5.1	136.9	4.9
C. Extractive industries	129.9	0.7	121.9	0.2
D. Manufacturing industry	146.2	4.2	136.8	4.1
E. Production and distribution of electrical energy, gas and water supply	134.3	0.2	134.6	0.6
F. Construction	144.3	6.0	142.1	5.4
G. Commerce and repairs	135.9	4.1	133.2	3.3
H. Accommodation	132.7	3.4	133.1	3.3
I. Transport, storage and communications	130.2	3.2	128.3	3.3
J. Financial intermediation	129.1	5.0	131.1	4.2
K. Real estate and rental activities; business services	149.7	6.9	146.6	7.2
M. Education	152.6	6.1	137.0	6.1
N. Health and veterinary activities, social services	145.2	7.8	141.2	7.9
O. Other social activities and services provided to the community; personal services	134.9	4.4	129.9	4.6

(1) Same quarter from the previous year

On the other hand, the provisional data for the Harmonised Labour Cost Index corresponding to the second quarter of 2007 were reviewed. The definitive index was 133.2, which implies an interannual increase of 4.1% with respect to the same period from the previous year. When adjusted for calendar effects, the growth rate was 3.9%.

Data for the Harmonised Labour Cost Index (HLCI) is sent every quarter to the Statistical Office of the European Communities (Eurostat) for subsequent publication by this body, thus complying with the statistical requirement established in the action plan of the European Monetary Union.

Annual variations: General index, corrected and seasonally adjusted index



Methodology Annex

The main objective of the Harmonised Labour Cost Index is to provide a common, comparable and timely measurement of the labour costs for all Member States of the European Union, which allows for a follow-up of the evolution of said labour costs.

The legal basis for the process of the harmonisation of the Labour Cost Index (HLCI) is European Parliament and Council Regulation 450/2003 of 27 February 2003, establishing a common framework for the compilation, transmission and assessment of comparable labour cost indices.

The Harmonised Labour Cost Index is a Laspeyres Index of the labour cost per hour worked, linked annually and based on a fixed structure of economic activity broken down by sections of the NCEA-93.

The source of information used to compile the HLCI are the provisional results drawn from the Quarterly Labour Cost Survey (QLCS). Said survey is used to obtain the cost per hour worked in the different sections of the NCEA-93 (NACE-Rev.1), and the yearly weightings required to calculate the Laspeyres Index. Calculations consider the year 2000 as the base period.

The publication is delayed 70 days after the reference quarter. The data for said reference period has a provisional nature until the following quarter, when it is revised and considered definite.

The formula employed to calculate the HLCI is:

$$\text{HLCI}_{tj} = \frac{\sum_i w_i^t h_i^j}{\sum_i w_i^j h_i^j} = \frac{\sum_i (w_i^t / w_i^j) w_i^j h_i^j}{\sum_i W_i^j} = \frac{\sum_i (w_i^t / w_i^j) W_i^j}{\sum_i W_i^j}$$

in which,

w_i^t =labour costs per hour worked by the employees in economic activity i during period t

h_i^t =hours worked by the employees in economic activity i in period t

$W_i^j = w_i^j h_i^j$ =labour costs per hour worked by the employees in economic activity i during annual period j

With annual weightings being, $\frac{W_i^j}{\sum_i W_i^j}$