



Eurostat Tabular Approach

UNECE Statistical Division
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Eurostat tabular approach



- ❖ Developed for the projects on Exhaustiveness of National Accounts with EU Candidate Countries
- ❖ First project (1998 – 2000): Tabular approach T1 –T8;
- ❖ Second Project (2002 – 2003): refined Tabular approach to exhaustiveness N1 – N7

Eurostat tabular approach



- ❖ Defines standard set of non-exhaustiveness types (N1 to N7) and presents them in a tabular framework;
- ❖ Provides a comprehensive and systematic assessment to ensure exhaustiveness of NA;
- ❖ Facilitates cross-country comparisons of adjustments and adjustment methods and provides for similar level of coverage of NA.

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Slide 3

Non-exhaustiveness types

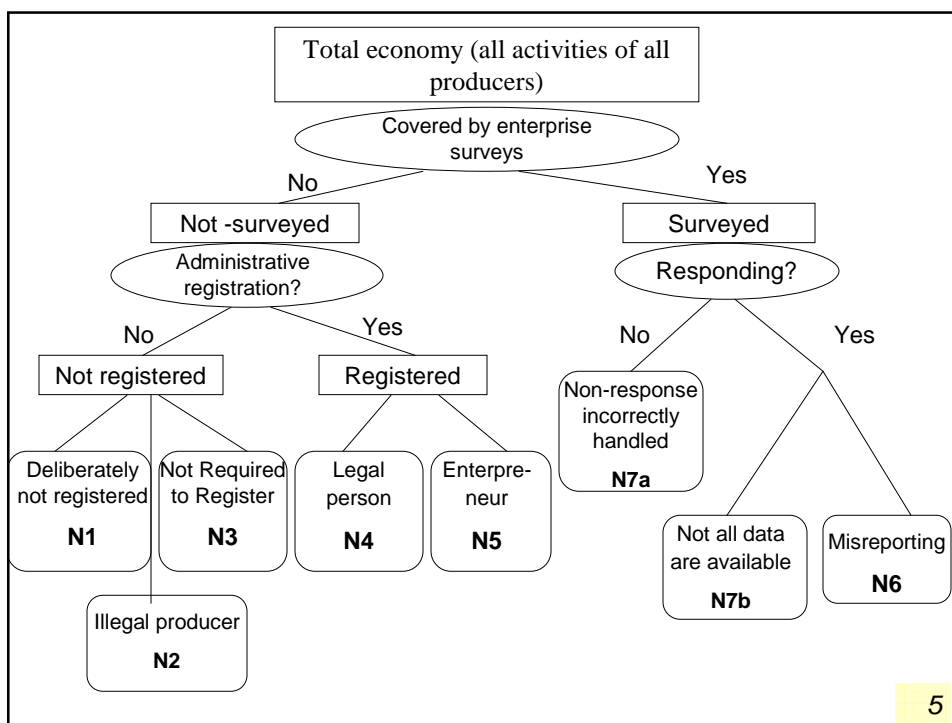


- ❖ Starting point is the output approach due to the more uniform data sources; the adjustments are based on a breakdown of producers;
- ❖ Expenditure approach: more than one data source can be used for the same component; when sources are similar as in the output approach adjustments have to be consistent;
- ❖ Income approach: similar data sources as in output approach; often the estimates are not independent and the adjustments are linked.

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Slide 4



Non-exhaustiveness types (cont'd)



N1. Producer deliberately does not register (underground)

- ❖ Producer does not register in order to avoid tax and social security obligations or not to lose social benefits;
- ❖ Typically includes small producers with income above the set threshold;
- ❖ Does not include illegal producers (N2) and misreporting of underground activities (N6);
- ❖ Methods used: Labour input (LFS), supply-use method, demand-based method, commodity flow.

Non-exhaustiveness types (cont'd)



N2. Not registered illegal producers

- ❖ Producer deliberately fails to register because he is involved in illegal activities;
- ❖ Includes prostitution, sale of stolen goods, sale of drugs, smuggling, gambling, etc.;
- ❖ Excludes illegal production of registered producers (N6 or under legal activity) and illegal production covered by estimates of units not required to register (N3);
- ❖ Methods used: quantity-price method; unit per input or use; expert judgement.

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Slide 7

Non-exhaustiveness types (cont'd)



N3. Producer not required to register

- ❖ Producers are not required to register because they do not have market output or it is below a set threshold;
- ❖ Involves production for own FC, own FCF and small-scale market output of households, paid domestic services, etc.;
- ❖ No adjustment needed if the estimation method for a certain activity implicitly includes N3 type of output;
- ❖ Methods used: HBS, building permits, commodity flow methods, administrative data, time use surveys, etc.

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Non-exhaustiveness types (cont'd)



N4. Legal persons (LPs) not surveyed

- ❖ The LPs are registered but systematically excluded from the BR and/or enterprise surveys;
- ❖ Involves deficiencies of the BR: BR excludes certain LP, newly registered LP are not included due to updating procedures, incorrect identification of statistical units; wrong activity or size code;
- ❖ Methods used: register quality surveys, review of update procedures, cross-checking with other administrative sources.

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Slide 9

Non-exhaustiveness types (cont'd)



N5. Registered entrepreneurs (REs) not surveyed

- ❖ The REs are not included in the BR and/or is excluded from the statistical surveys;
- ❖ Includes deficiencies of BR: exclusion of some entrepreneurs ("natural persons") e.g consultants, private teachers, writers, journalists, incorrect updating and coding of the BR;
- ❖ Methods used: register quality surveys, cross-checking with other administrative sources, income statements, specialised surveys.

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Slide 10

Non-exhaustiveness types (cont'd)



N6. Misreporting by producers

- ❖ Under-reporting of revenues (GO) and over-reporting of expenditures (IC) in order to avoid payment of income tax, VAT, other taxes, or social security contributions;
- ❖ Typically includes concealed sales, hidden secondary activities, cash settlements, VAT fraud, concealed salaries or salaries recorded as external services (IC);
- ❖ Methods used: use of tax audits data, comparisons of average salaries and profits, input/output ratios, special surveys and experts judgement.

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Slide 11

Non-exhaustiveness types (cont'd)



N7 Other statistical deficiencies

- ❖ Data are not directly available from surveys (7a) or are incorrectly processed (7b);
- ❖ The following items should be considered:
 - 7a: wages and salaries in kind, production for own final use by market producers, tips, etc;
 - 7b: non-response, valuation techniques, adjustments for accruals, etc.

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Standard tables



The Tabular Approach involves the completion of three standard tables both for output and expenditure approaches:

1. Elements of non-exhaustiveness (detailed breakdown by type of unit, activity, non-exhaustiveness type and adjustment procedure);
2. Exhaustiveness adjustments (including the absolute and relative size of the adjustments listed above);
3. Summary of adjustments (by institutional sector and NACE activity or expenditure component).

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Exhaustiveness adjustments - results



Exhaustiveness adjustments for the nine new EU member states, 2000

Non-exhaustiveness type	N1	N2	N3	N4	N5	N6	N7	Total
Total 9 countries (%)	15.5	6.4	7.9	7.5	5.8	48.6	8.2	100.0

Exhaustiveness adjustments for the Western Balkan Region, 2003*

Non-exhaustiveness type	N1	N2	N3	N4	N5	N6	N7	Total
Total Western Balkans	7.9	1.3	16.8	4.4	3.2	59.7	6.7	100.0

*2002 for Croatia, FYR of Macedonia and Montenegro, 2001 for Albania

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Slide 14



Conclusions

- ❖ TAE provides a consistent procedure to achieve exhaustiveness and has already been used by a big number of ECE countries: 13 EU member countries, 6 Western Balkan Countries, Azerbaijan, *Kyrgyzstan*, *Turkmenistan* and Ukraine;
- ❖ However, the distinction between the N-types is important but is not the main goal;
- ❖ Main goal: produce accurate NA and GDP estimates.