

ECONOMIC COMMISSION FOR EUROPE

CONFERENCE OF EUROPEAN STATISTICIANS

Group of Experts on the Impact of Globalisation
on National Accounts (GGNA)

First Meeting

Geneva, 11-13 May 2009

COMMENTS ON SELECTED ISSUES FROM THE GGNA AGENDA

Note by the National Statistical Institute of Bulgaria

I. REMITTANCES AND LABOUR MOBILITY (item 7 of the agenda)

A. Background and current situation

1. As regards to better understanding concerning compilation methods on data remittances and compensation of employees, in March 2009 a simple survey on this specific compilation issue was therefore run by Eurostat among the Member States. To facilitate the sharing of experiences and to identify best practices, Eurostat is going to activate a new CIRCA site that will store documentation about the way European countries compile these data.

2. Currently BNB provides data on remittances and compensation of employees in Balance of payments. The main source of information for compilation the data is the International Transactions Reporting System (ITRS). Banks report transactions of Money Transfer Operators on a net basis. The information from MTOs / since February 2008 the MOTs are subject to licensing and supervision by the BNB / is indirectly derived from ITRS. BNB plans to start direct reporting from the MTOs as of middle 2009 and to introduce a methodology based on demographic model together with investigation of other data sources. The demographic model will be based on data on migrants by country and average transfers derived from a border survey among travelling to and from Bulgaria Bulgarian migrants.

B. Questions and issues

- (a) Is there one measure of remittances that should be preferred over others?

“Sharing experience between countries should lead to identifying the preferred measure of remittances. The outcome of the discussion will be very useful for the Bulgarian national accounts as it is intended to cover the aspects of NA’s work on elaboration of indicators in relation of GNI.”

(b) Is there a problem in remittance measures that combine transfers with compensation of employees?

“It is important to find the proper way to identify the remittances and compensation of employees according to the National accounts requirements.”

(c) Is there agreement with the exclusion from remittances of the various forms of corporate giving discussed in the paper? With the exclusion of the value of volunteer time? With the exclusion of migrants’ investments and savings in their home countries?

(d) Does the diversity of sources and methods used to compile remittances statistics significantly hamper international comparisons of remittances statistics?

“We agree with the intention that common methodology be applied by all countries in order to ensure the consistent and synchronized elaboration of the indicators.”

(e) Would participants like to comment upon compilation methods for remittances that have proved particularly successful or particularly troublesome in their own countries?

II. INTERNATIONAL TRANSACTIONS IN INTELLECTUAL PROPERTY (item 6 of the agenda)

A. Background and current situation

3. The experts from Bulgarian National Statistical Institute participate in Task force on R&D that is organized by Eurostat with OECD cooperation. The main objective of the Eurostat Task Force on R&D is to prepare templates for supplementary tables of R&D with the long-term aim of enabling the capitalization of R&D. In order to achieve these objectives it will be necessary, in particular, to take stock of the existing data at national level. One of the available sources that will be used for this purpose is the R&D survey, carried out in line with Commission Regulation (EC) No 753/2004 of 22 April 2004 implementing Decision No 1608/2003/EC of the European Parliament and of the Council as regards statistics on science and technology.

4. At the moment we (experts from NA division and R&D innovations and information society division) work on the tables’ templates and the preparation of the opinion about some of the issues. This country statement will be discussed on the final meeting of TF of R&D in the end of May 2009.

B. Questions and issues

5. Some issues included in the paper “International transactions in intellectual property (for example, Research and development)” are related to problems discussed in TF on R&D. One of the main difficulties concerns Export and Import of R&D services. The current classification systems used for international trade, particularly trade in services, do not provide an adequate breakdown between the various types of intellectual property product assets recognized in the 2008 SNA. The other possible source, BoP, also needs to have more detailed breakdown. **We think that the first suggestion on page 12 is more appropriate (10.1 Research and development services).**

III. FOREIGN DIRECT INVESTMENTS (item 9 of the agenda)

A. Background and current situation

6. The Bulgarian National Bank compiles and reports the foreign direct investment in the country in conformity with the international standards set in the Balance of Payments Manual, IMF, Fifth Edition, 1993, the Benchmark Definition of Foreign Direct Investment, OECD, Third Edition, 1996, as well as in the regulations of EUROSTAT and European Central Bank in the field of Balance of payments statistics. In accordance with these standards, a foreign direct investment in the country is an international investment in which the direct investor, resident of a foreign economy, obtains a lasting interest in an enterprise resident of the Bulgarian economy (direct investment enterprise). The foreign direct investment comprises the initial transaction establishing the relationship between the direct investor and the direct investment enterprise, as well as all subsequent transactions between them. The transactions can be related to increase/decrease in the liabilities of the direct investment enterprise to its direct investor, as well as to increase/decrease in the claims of the direct investment enterprise to the direct investor. The basic principles of reporting foreign direct investment in the country are, the first, the inclusion only of actually received, and not contracted, amounts, and the second, the recording of financial instruments used for settlements at their market price, not at their nominal value.

7. In accordance with the standard presentation of the balance of payments, the foreign direct investment in the country is reported in the financial account under item Foreign direct investment.

8. The BNB compiles the foreign direct investment in the country using data from the following sources: from the reporting system of banks on transactions between residents and non-residents, from the direct investment enterprises from the non-financial sector, from the Privatisation Agency, from the Central Depository, from notaries and registry offices, from the National Statistical Institute, from the Banking Supervision Department of the BNB, from the insurance companies and pension insurance companies, from the Financial supervision Commission.

B. Questions and issues

(a) Do participants agree that high quality data on FDI are needed for compiling both the international and national economic accounts? Further, do participants agree that enhanced collaboration between compilers of FDI data in the international accounts, and of the real and financial accounts in the national accounts, is important and desirable in improving the quality and consistency of macroeconomic statistics?

“The high quality of data on FDI is necessary for compiling the national account. The information to be provided has to be consistent.”

(b) Do participants agree that there are many challenges and complexities associated with compiling high quality data on FDI? Are any major challenges or complexities omitted from this paper but are nonetheless very important in many economies?

“We agree that there were many challenges and complexities associated with compiling high quality data on FDI. We support the IMF efforts to face the challenges and to deal with the complexities related to the compilation of the high quality data on FDI.”

(c) Do participants agree with the various approaches that have been proposed in this paper to address the challenge of compiling high quality data on FDI? In particular, do participants agree that the IMF’s 2009 Coordinated Direct Investment Survey should improve the quality of FDI data? Do participants agree that work underway in connection with the IMF’s BPM6 Compilation Guide, and work underway various task forces and statistical committees, hold promise of further improving the quality of FDI data used in the macroeconomic accounts? Do participants see other ways of promoting the compilation of high quality data on FDI?

“The Eurostat WG on Balance of payments is going to discuss ongoing initiatives that are aimed at facilitating the implementation of revised International standards for FDI statistics. We consider as very important the work concerning further improving the quality of FDI in order to ensure the consistent and synchronized elaboration of the indicators.”

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