Item 2
Consistency between National Accounts and Balance of Payments statistics
The status of consistency in the nonfinancial accounts
Measuring BOP-ROW consistency in the EU-28

1. Reconciliation rationale and method
2. Results in a nutshell
3. Impact on comparability

Reasons for discrepancies

Conclusions and outlook
Reconciling the nonfinancial accounts

<table>
<thead>
<tr>
<th>BOP component</th>
<th>ROW item</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>P61</td>
<td>Exports of goods</td>
</tr>
<tr>
<td></td>
<td>P71</td>
<td>Imports of goods</td>
</tr>
<tr>
<td>Services</td>
<td>P62</td>
<td>Exports of services</td>
</tr>
<tr>
<td></td>
<td>P72</td>
<td>Imports of services</td>
</tr>
<tr>
<td>Primary income</td>
<td>D1</td>
<td>Compensation of employees</td>
</tr>
<tr>
<td></td>
<td>D2</td>
<td>Taxes on production and imports</td>
</tr>
<tr>
<td></td>
<td>D3</td>
<td>Subsidies</td>
</tr>
<tr>
<td></td>
<td>D4</td>
<td>Property income</td>
</tr>
<tr>
<td>Secondary income</td>
<td>D5</td>
<td>Current taxes on income &amp; wealth</td>
</tr>
<tr>
<td></td>
<td>D6</td>
<td>Social contributions and benefits</td>
</tr>
<tr>
<td></td>
<td>D7</td>
<td>Other current transfers</td>
</tr>
<tr>
<td></td>
<td>D8</td>
<td>Adjustment for the change in pension entitlements</td>
</tr>
<tr>
<td>Capital account</td>
<td>D9</td>
<td>Capital transfers</td>
</tr>
<tr>
<td>NP</td>
<td></td>
<td>Acquisition less disposal of nonfinancial nonproduced assets</td>
</tr>
</tbody>
</table>
Consolidated discrepancies in the EU-28

1.3 – 1.9% of GDP

Absolute discrepancies, 2010-2015, sum of EU-28 MS (m€) – Jan.2017
The impact of revisions

-25% Ø2010-15

Absolute discrepancies, 2010-2015, sum of EU-28 MS (m€)
The geographical image of discrepancies

6 countries 76%

Absolute discrepancies, by country, mean 2010-2015 (m€), Jan.2017
Opposite signs – 5 incidences in 2015

<table>
<thead>
<tr>
<th>Item</th>
<th>Member State</th>
<th>b.o.p. balance (m€)</th>
<th>ROW balance (m€)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Goods</td>
<td>Luxembourg</td>
<td>-2 612</td>
<td>+1 651</td>
</tr>
<tr>
<td>Services</td>
<td>France</td>
<td>+8 803</td>
<td>-8 841</td>
</tr>
<tr>
<td>Primary income</td>
<td>Belgium</td>
<td>-869</td>
<td>+149</td>
</tr>
<tr>
<td>Secondary income</td>
<td>Poland</td>
<td>-848</td>
<td>+3 148</td>
</tr>
<tr>
<td>Capital account</td>
<td>France</td>
<td>+2 075</td>
<td>-114</td>
</tr>
</tbody>
</table>
Reasons for discrepancies

- Reclassifications between services and goods, 4.4%
- Different balancing and reconciliation practices, 5.1%
- Different estimation methods, 6.0%
- Methodological differences, 10.8%
- Different data sources, 31.8%
- Errors identified, 1.6%
- Different interpretation of standards, 1.0%
- Different coverage, 0.3%
- Other, 0.9%
- Vintage and revision differences, 38.1%

Eurostat BOP-ROW Survey 2017, nonfinancial accounts
Methodological differences (1)

- Services, 38.1%
- Primary income, 20.0%
- Secondary income, 4.5%
- Goods, 1.3%

Eurostat BOP-ROW Survey 2017, nonfinancial accounts
Methodological differences (2)

- Implicit coordination issue?
- Implicit data source issue?
- Country-specific issue?

- **Primary income**
  - Property income (D4) – recording of superdividends

- **Services**
  - Exports and imports (P62, P72) – treatment of IP Boxes

- **Secondary income**
  - Miscellaneous current transfers (D75) – Recording allocations from EU structural funds
Conclusions and outlook

- Decentralised organisational setup and institutional autonomies can cause inconsistent BOP and NA statistics
- Cooperative approach to overcome deadlock (“Nash equilibrium”)
- Multidimensional perspective (symmetric geographical breakdowns)
- Methodological differences
  - Different interpretation through “gaps”
  - Competing consistency requirements
  - Common terminology and concepts in SNA and BPM6
BOP-ROW consistency – a remedy to globalisation?

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EUROPEAN COMMISSION
EUROSTAT

Directorate C: National accounts, prices and key indicators
Unit C5: Integrated Global Accounts and Balance of Payments