Workshop on the implementation 2008 SNA: Consistency between national accounts and balance of payments statistics

Minsk, 03 – 05 October 2017

Session 2

Reasons for inconsistencies

A compiler survey on the causes of inconsistency in the nonfinancial accounts
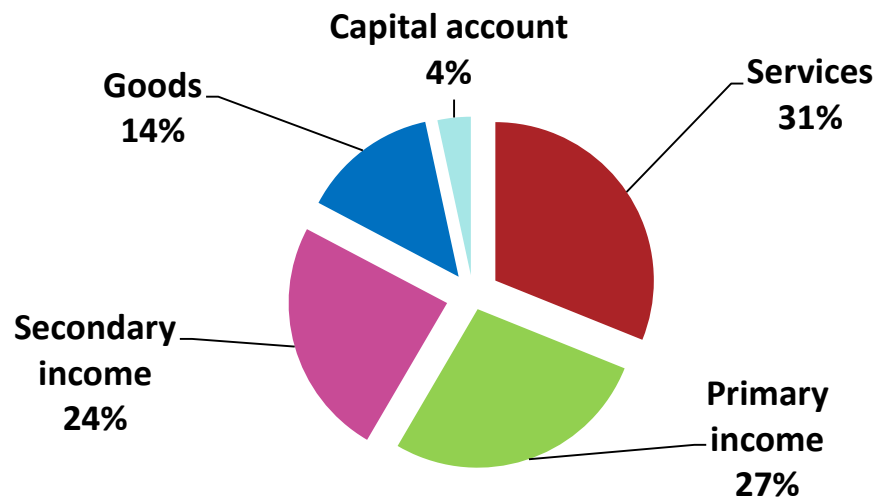
BOP-ROW survey 2017

Identified causes and main patterns

Methodological issues

Conclusions

BOP-ROW survey 2017

- **Based on October 2016 vintages**
- **Quarterly nonfinancial accounts**
- **Survey period 2010-2015**
- **Typology of causes aligned with ECB**
- **22 Member States replied (79%)**
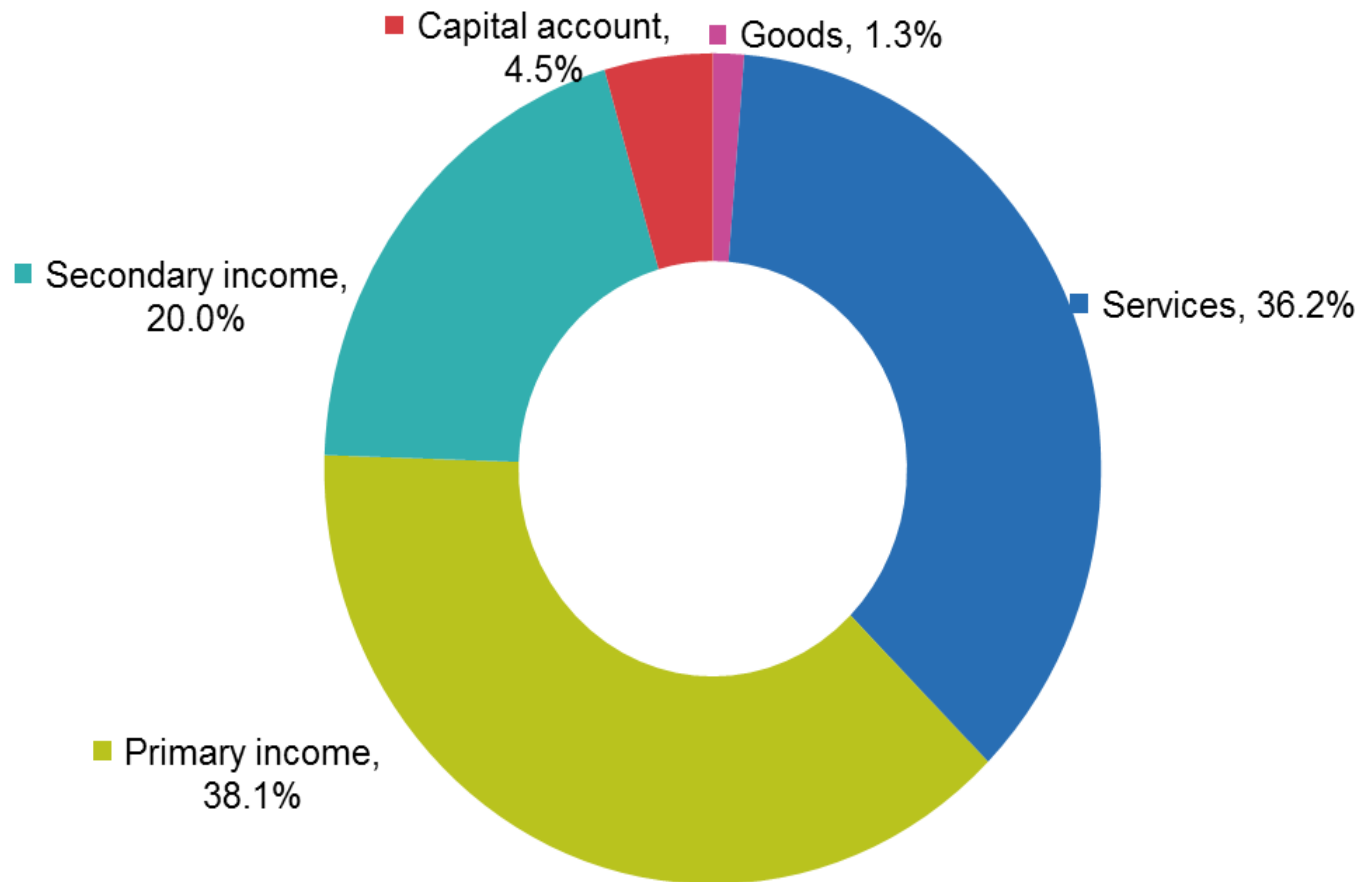- **Ca. 94% of discrepancies explained**

Capital account
4%

Goods
14%

Services
31%

Secondary
income
24%

Primary
income
27%

Identified main causes

Reason for inconsistency	%
Vintage and revision differences	38.1
Different data sources	31.8
Methodological differences	10.8
Different estimation methods	6.0
Different balancing and reconciliation practices	5.1
Reclassifications Services and Goods	4.4
Errors identified	1.6
Different reading of standards	1.0
Merchanting	0.8
Different coverage	0.3
Other	0.1

Eurostat BOP-ROW Survey 2017, nonfinancial accounts

Major patterns in causes

Reason for inconsistency	%
Vintage and revision differences	38.1
Different compilation practices/systems	45.0
Methodological differences	**10.8**
Reclassifications Services and Goods	4.4
Errors identified + Other	1.7

- **Revision and vintage bias**
- **Coordination of production processes**
- **Conflicting consistency requirements**
- **Methodological issues (!)**

Eurostat BOP-ROW Survey 2017, nonfinancial accounts

Methodological differences (1)

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 super dividends, reinvested earnings of special purpose entities

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

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

Delineating goods and services – travel and government

- **Transaction-based services items**
  - Travel/business travel
  - Construction
  - Government goods and services n.i.e.
- **Classifying travel in the CPC**
  - P6/P7 consistency versus P61/P71 and P62/P72 consistency
- **Conflicting consistency requirements**
  - Input-Output tables
- **Imprecisions of the standards**

Conclusions

- **Coordination of compilation processes plays a main role**
- **Different data sources foster different estimation practices**
- **Revision bias due to different release/revision calendars**
- **Standards do not always apply consistent terminology as claimed**
  - Concept of travel/business travel
- **Competing consistency requirements**
  - Delineation of goods and services (CPC)

Questions and Answers?

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Unit C5: Integrated Global Accounts and Balance of Payments