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**National Accounts and Economic Statistics - Services**

**Item 18b): Eurostat Activities in Trade in Services and Related Balance of Payments Areas**

**7TH OECD INTERNATIONAL TRADE STATISTICS EXPERT MEETING ITS  
and OECD-EUROSTAT MEETING OF EXPERTS IN TRADE-IN-SERVICES STATISTICS (TIS)**

**Tour Europe - Paris la Défense, Salle des Nations, 11-14 September 2006**

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EUROPEAN COMMISSION  
EUROSTAT

Directorate C: National and European Accounts  
Unit C-4: Balance of payments



**OECD-EUROSTAT MEETING OF EXPERTS IN  
TRADE IN SERVICES STATISTICS**

**12 - 14 September 2006**

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**Eurostat activities in trade in services  
and related balance of payments areas**

**Item 18b**

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## **BOP REGULATION AND BOP COMMITTEE**

Starting from the reference year 2006 the transmission of data on balance of payments from the Member States to Eurostat is carried out in accordance with the Regulation (EC) No 184/2005 of the European Parliament and the Council on community statistics concerning balance of payments, international trade in services and foreign direct investment.

In April 2006 the Commission adopted two further regulations; the Regulation (EC) No 601/2006 implements Regulation 184/2005 as regards the format and the procedure for the transmission of data, while Regulation 602//2006 adapts Regulation 184/2005 through the updating of data requirements.

The BoP Regulation created the Eurostat Balance of Payments Committee, which is composed of representatives from all 25 Member States and chaired by the Commission. Its main task is to assist the Commission in implementing the BoP regulation; to take necessary measures in adapting the regulation to economic and technical changes; update, if necessary; define the quality standards; content and the periodicity of the quality reports and assist the Commission in assessing the quality of the data transmitted; etc.

The BoP Committee held two meetings in 2006. The following items were addressed:

- Commission Regulations implementing Regulation (EC) No 184/2005, one on data format and transmission ((EC) No 601/2006) and the other one on updating of data requirements ((EC) No 602/2006,
- annual quality report on BoP data, transmitted by the Members States to Eurostat,
- assessment procedure and dissemination policy for the quality reports,
- state of compliance with the BoP Regulation (for the first delivery corresponding to the first quarter of 2006),
- implementation plan of NACE rev. 2 in the domain of balance of payments statistics.

## **BALANCE OF PAYMENTS QUALITY REPORT**

According to article 4 of the BoP Regulation, Member States shall supply the Commission with a report on the quality of the data transmitted ("the quality report"). The latter will be assessed by the Commission with the assistance of the Balance of Payments Committee. This assessment by the Commission shall be sent to the European Parliament for information. The Regulation further states that the common standards, contents and periodicity of the quality reports shall be specified according to the comitology procedure, i.e. they will be laid down into a Commission Regulation, implementing the BoP Regulation, to be approved by the BoP Committee.

After extensive consultations with all Member States and other Commission services an agreement was achieved on the quality standards to be applied, definition of quality indicators (including a reconciliation table for assessing consistency between BoP and Foreign Trade Statistics, c.f. item 7), and periodicity of quality report. The first round of quality reporting will start in October 2006. This will be treated as a pilot phase. The experience gained during the pilot phase will be used to fine-tune the concept, if necessary, and formalise the procedure by adopting the corresponding Commission Regulation. Based on the quality reports supplied by the Member

States Eurostat will prepare a summary quality report, which will include evaluation of EU aggregates.

## **FATS - FOREIGN AFFILIATES STATISTICS**

After extensive discussions with all Member States and following the positive opinion of various Commission services, the Commission presented on 15<sup>th</sup> March 2005 a formal proposal of Regulation on FATS to the Council and the European Parliament. The proposal provides for collection of inward FATS statistics on a mandatory basis and, for outward FATS statistics pilot studies on a voluntary basis. This was the compromise reached after the Commission original proposal, in which both inward and outward FATS were mandatory.

Since the Commission tabled its proposal, the Council Working Group on Statistics (STATIS) as well as a European Parliament's Committee on Economic and monetary Affairs (ECON) met several times throughout 2005 and 2006 as part of the co-decision procedure to discuss the FATS regulation. Also, in February 2006, a debate in the EP's plenary on the matter took place. In July 2006, the Finnish presidency has tabled a new proposal for a Council compromise to be voted upon in the Council meeting of 6 September. Later in the month, the EP is scheduled to vote on their amendments to the Regulation. It is hoped that the Regulation could be adopted still in 2006.

In parallel, Eurostat has advanced the work on a FATS recommendations manual which is expected to be finalised in September and which will provide compilers with a sound and comprehensive set of rules for the compilation of in- and outward FATS data. A final discussion on the last outstanding issues in the manual will take place in the next Joint FATS Working Group on FATS scheduled for 25 and 26 September.

Eurostat is also organising a workshop on selected technical issues related to the compilation of outward FATS data. A request to organise such a workshop was put forward during the discussions on the Regulation, in particular by those Member States that have, so far, little experience in compiling outward FATS statistics.

Simultaneously to the adoption process of regulation Eurostat is continuing with the compiling and publication of outward FATS data from selected Member States on a voluntary basis. In September 2006, the data from eight Member States will be updated to 2003 as the latest available year. In the same month, Eurostat is planning to publish an issue of its Statistic in Focus series dedicated to outward FATS data.

## **REMITTANCES**

Following the action plan of G8 Heads of State and the international meeting on statistics on remittances, hosted by the World Bank in January 2005, it was decided to work on clarifying the needs of data users and improving the availability and accuracy of data on remittances. The EU Commission and Eurostat in particular are actively involved in all international initiatives.

The UN-Technical Subgroup on the Movement of Natural Persons has already developed some new definitions for remittances within the Balance of Payments framework and recommended to change definition of “workers remittances” to broader concepts of “personal transfers”, “personal remittances” “total remittances” in the revision of the BPM5. These changes should substantially

improve accessibility and clarity of data on remittances in the balance of payments, national accounts and international trade in services framework.

Since expertise to improve national data collection practices largely resides within countries, there had been proposals to create a “city group” for remittance statistics. This would bring together a core group of compilers to review methods and develop more detailed guidance for compiling remittance data.

Given its role in the European Statistical System, Eurostat hosted the first meeting of the city group in June 2006, thereby creating the “Luxembourg Group on Remittances”. The main purpose of the Luxembourg Group is to gather materials and good practices, which will lead to drafting a compilation guide for remittance data. The Group discussed current experience and assessments of best practice in compiling remittances data, strengths and weaknesses of various approaches, and plans for improvement.

### **TECHNICAL GROUP “TRAVEL”**

The Technical Group “Travel” (TGT) continued its work on the follow-up and monitoring of the implementation of national collection systems for travel and analysing bilateral data on travel.

The May 2006 meeting concentrated on the following issues:

*National Plans to collect Travel Statistics in 2006-2007:* discussed the most common problems that countries are facing in the implementation and/or planning of the collection system for Travel.

*Bilateral comparisons on Travel figures and on related physical indicators:* Overview on the bilateral asymmetry tables for the EU 25 countries, Japan and US pointing out the main features and the pairs of countries showing the biggest asymmetries in terms of Travel expenditure, number of travellers and number of nights stays.

*Common methodological problems in collection systems for Travel:* The treatment of transactions involving tour operators resident in third countries, use of credit card information, focus on other common methodological problems, e.g. how to deal with break in travel time series, split of package tour components, approach of respondents in border surveys - particularly in the context of free circulation of natural persons, sample selection in household surveys, use of mirror data.

It was decided to create sub-groups focusing on the methodological issues of common interest and highest priority with the final aim to prepare issue papers. Five sub-groups were created to deal with following issues:

- Credit card information
- Treatment of transactions involving tour operators resident in third countries
- Durable and valuable goods
- Same day travellers
- Sampling, grossing up and administrative sources.

The next meeting is scheduled for early June 2007.

## **TASK FORCE ON THE REST-OF-THE-WORLD ACCOUNT**

At its July 2005 meeting, the Committee on Monetary, Financial and Balance of payments statistics (CMFB) agreed to revive, and gave a mandate to the Task Force on the Rest-of the World Account (TF-RoW) in order to support further work on the reconciliation of the balance of payments (BoP and the rest of the world (RoW) account at national level. According to its mandate the TF should first address methodological aspects and later run a survey on the empirical differences between BoP and RoW.

The first meeting of the TF-RoW took place on 1 February 2006. It agreed that, rather than establishing a new methodological agenda, the emphasis should be put on practical solutions to bridge both data sets. The Task Force activated following electronic discussion groups to further elaborate on the existing differences between the BoP and RoW accounts that were either based on different methodological standards (so-called “standard differences”) or on inhomogeneous practices applied (so-called “other differences”) within these two data sets:

- **CONSTRUCTION SERVICES**
- **INCOME FROM COLLECTIVE INVESTMENT INSTITUTIONS**
- **FISIM**
- **RECLASSIFICATIONS BETWEEN GOODS AND SERVICES**
- Transit trade
- EU transfers
- Taxes on income and wealth
- Estimation of illegal activities

These discussion groups were in charge of elaborating short reports, the conclusions of which were discussed in a second meeting of the TF on 22-23 May 2006.

As specified in its mandate, the TF will run a survey on differences between BoP and RoW during the second half of 2006. The TF-RoW aims at:

- providing an assessment and quantification of the current differences between BoP and RoW data; and
- ranking the final recommendations of the TF-RoW according to the actual impact of the methodological discrepancies.

The final report will be submitted to the CMFB in its January 2007 meeting.

## **TASK FORCE ON THE RECONCILIATION BETWEEN BALANCE OF PAYMENTS AND FOREIGN TRADE STATISTICS**

Eurostat has been investigating the issue of the discrepancies between BoP and FTS for a while<sup>1</sup>. Following the work done by the Asymmetries ad hoc Committee, Eurostat (re)started to investigate the issue. Eurostat intends to move from the analysis of the discrepancies towards actions which could possibly reduce these discrepancies and a reconciliation table will be included in the Quality Reports to be submitted by Member States in the framework of the BoP regulation (c.f., item 2) . Also the ECB's DG-Statistics constantly supported efforts to monitor the link between BoP and FTS data so as to support users in their effort to analyse the data. The use of FTS data would be facilitated if their developments were consistent with those in BoP data; from this angle the adjustments made should be accurate and appropriately documented.

The main objectives of this new TF are to assist the Commission in defining priority actions to improve the coherence between BoP and FTS and a timetable for their implementation. More specifically the work of this task force will cover the following points:

- To analyse the reconciliation tables already compiled by some countries, to define a common standard table and to identify the most appropriate periodicity for reporting. The standard table would apply for the compilation/publication of euro area/EU aggregates.
- To analyse the available studies on the cost-insurance-freight (c.i.f.)/free-on-board (f.o.b.) adjustment and to produce recommendations about the best practices.
- To analyse national current practices in the various other adjustments from FTS to BoP and produce a set of recommendations on acceptable and non-acceptable practices.
- To identify possible ways to ensure a smooth co-operation between BoP and FTS compilers at country level.
- To provide recommendations to Member States on when and how to implement the best practices and to propose follow-up actions

The first two meetings, held in January and July 2006, took the following conclusions:

- Periodicity: the "EU reconciliation tables" should be compiled by Member States in relation to annual data, starting from the period 2004 and 2005.
- Geographical breakdown: the "EU reconciliation tables" should be compiled by Member States with a breakdown for transactions with intra and extra EU25 plus extra Euro zone.
- Detail of the tables: the tables should allow transparent reporting of differences between EU and national concepts and should expressly spell at least the "conceptual adjustments"; "practical adjustments" can be listed in a footnote and added by each country according to the national needs.

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<sup>1</sup> A publication " Differences between Balance of Payments and Foreign Trade Statistics" aimed at helping users to understand discrepancies between BoP and FTS data has been issued by Eurostat

[http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1073.46587259&\\_dad=portal&\\_schema=PORTAL&p\\_product\\_code=KS-DB-04-001](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073.46587259&_dad=portal&_schema=PORTAL&p_product_code=KS-DB-04-001)

## **METHODOLOGICAL SOUNDNESS**

The Methodological Soundness Questionnaire (MSQ) is a joint initiative from Eurostat and the OECD, launched in 2002. After consultation with Member States on the content of the questionnaires, these were sent to countries in June 2003. By end 2005, 36 countries had responded to the joint questionnaire. This represents an impressive level of commitment from the countries to this exercise.

After thorough consultation with all parties involved the "*Methodological soundness questionnaire - Report on responses to the Eurostat-OECD questionnaire on the measurement of trade in services in the balance of payments*"<sup>2</sup> outcome was finally published on 16 June 2006. This Working Paper presents the responses to the Eurostat-OECD questionnaire on the measurement of Trade in Services in the Balance of Payments. It provides a unique source of comparative information on national methodological practices in 36 EU and OECD member states. The questionnaire was constructed in reference to the recommendations of the new Manual on Statistics of International Trade in Services, and, in particular, the implementation of the extended Balance of Payments Services (EBOPS) classification.

## **EUROSTAT BOP WORKSHOP ON DATA TRANSMISSION**

On 5 May 2006, Eurostat hosted the Workshop on Balance of Payments Data Transmission meeting. One of the main objectives of the organisation of the workshop was helping Member States in the implementation of the BoP regulation which will be applicable as from data reference period 2006.

## **WORK ON ASYMMETRIES**

During the past years, the situation concerning intra-EU asymmetries has been extensively analysed and reported by Eurostat (in collaboration with Member States and the European Central Bank) within the framework of Ad Hoc Committee on Asymmetries, Technical Group on Asymmetries, Technical Group on Travel, Technical Group on Merchandise Transport and Task Force on Reconciliation between Balance of Payments and Foreign Trade Statistics . The Ad Hoc Committee on Asymmetries identified the 'bottom - up' approach i.e. bilateral analysis of differences between Member States as the preferred long term solution. It also advocated the continued development of 'top down' approaches, i.e. modelling, to remove asymmetries from mirror data. A 'global method' was developed and tested for current and capital accounts by Eurostat and research on this was also made by the ECB.

Recently, the issue of asymmetries has been raised in various contexts. Some countries have asked for tables from Eurostat in order to study bilateral asymmetries. Recent discussions on the quality reports on balance of payments statistics, to be prepared by the Member States, have also brought up the use of mirror data and asymmetries. Asymmetries are a main concern for Eurostat as they reflect on the quality and credibility of the BoP statistics and further efforts for their reduction are essential. Regular reporting is made at Eurostat's BoP Working Group.

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<sup>2</sup>[http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1073.46587259&\\_dad=portal&\\_schema=PORTAL&p\\_product\\_code=KS-DB-06-001](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1073.46587259&_dad=portal&_schema=PORTAL&p_product_code=KS-DB-06-001)

In the BoP WG of March 2006, Eurostat presented the report on Intra-EU asymmetries (2001-2004) for quarterly BoP, FDI and ITS. The tables show that while revisions of data for back years reduce the asymmetries, the trend is still deteriorating. Eurostat encourages bilateral exchanges of data on balance of payments to the extent possible. Bilateral data should continue to be provided by Member States to allow for this type of analysis. Eurostat is ready to provide more detailed tables on the trends in asymmetries for those Member States who expressed their interest in them. Eurostat Balance of Payments Working Group in its meeting in March 2006 agreed on a "pairs of countries" follow-up procedure regarding analysing asymmetries in BoP data. Eurostat expressed its interest in steering a reconciliation exercise for one pair of countries each year.

### **EUROSTAT BALANCE OF PAYMENTS VADEMECUM**

The data published by Eurostat Unit C-4 - Balance of payments are mostly based on the balance of payments reports provided by the EU Member States. The Vademecum is the reference text addressed to the national compilers. Its main purpose is to specify Eurostat's statistical request to the countries (questionnaires, timetable, classification, coding etc) and assist the national compilers in fulfilling these. This document expresses users' needs. It is updated regularly. The last update was issued in June 2006 (including some changes in FDI -new codes for the valuation of equity stocks - and FATS).

To facilitate the access to this document, the Vademecum is available in an electronic format (in WORD, Excel and pdf format) on request and currently on Internet at the following address: <http://forum.europa.eu.int/Public/irc/dsis/Home/main> Then click on: "Balance of Payments BOP", "Library", "SDDS Bop Metadata" and Vademecum.

### **COMPILATION OF FISIM/BOP**

According to BPM5, an estimation of imports and exports of Financial Intermediation Services Indirectly Measured (FISIM) is not required in the compilation of Balance of Payments (BoP) flows. To overcome this conceptual discrepancy between BoP and National Accounts manuals, some new Memorandum items were inserted among the standard BoP components in the BoP Vademecum.

At the last meeting of the BoP Working Group in March 2006, the issue was discussed and Eurostat encouraged Members States to take a stronger interest in the estimation of FISIM imports and exports and to consider the examples provided by Italy and Belgium.

### **NETWORK GROUP DIRECT REPORTING**

The Technical Group Direct Reporting (TGDR) presented its final report to the March 2003 CMFB and was officially dissolved at the end of 2004. Given the positive outcome of this initiative and the further needs as expressed by the BOP compilers, a mandate was drafted to set up a Network Group. This initiative was endorsed by the CMFB.

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<sup>3</sup> The Technical Group Direct Reporting has issued a final report suggesting potential sources (some of them possibly centred on big multinational companies) and several approaches that could be used to set up a good quality b.o.p./i.i.p. register, together with practical aspects on the implementation of the proposed reporting system by respondents. This report is available on Eurostat CIRCA sites.

The aim of this new Network Group is to facilitate, via electronic forum (CIRCA), the exchange of experience on implementation of direct reporting procedures and organising when needed workshops on specific issues. Countries will be able to post questions, participate in discussion groups and publish documents.

It will be steered by a Permanent Coordination Team, chaired by Paula Casimiro (Banco de Portugal), assisted by one representative from the ECB and one from Eurostat.

Meanwhile, the coordination team has elaborated a proposal on the objectives, topics and working procedures of the Network Group and discussed at the March 2006 Eurostat BoP Working Group.

### **BOP QUARTERLY DATA FOR QSA PURPOSES**

The analysis of cyclical movements in the European Union economy and the conduct of monetary policy within the EMU require macroeconomic statistics on the economic behaviour and the interrelationship of individual institutional sectors which are impossible to distinguish in data compiled at the level of the economy as a whole. There is, therefore, a need to produce quarterly accounts by institutional sector, for the European Union as a whole and for the Euro area. The Regulation (EC No 1161/2005) on the compilation of quarterly non-financial accounts by institutional sector provides a common framework for the contributions of the Member States to the compilation of quarterly European non-financial accounts by institutional sector.

The compilation of quarterly accounts by institutional sector both at EU and national level will greatly benefit from additional details available from balance of payments statistics. Member States have so far supplied a fairly complete set of data regarding standard BoP posts, for the period 1999-2004 and with a breakdown into intra/extra EU25 and Euro-area. Eurostat compiles EU25 (intra/extra) aggregates for the standard BoP codes covering the period 1999-2004, while the same series for the Euro-area aggregates are compiled by the ECB. This allowed Eurostat to use them for the intra/extra breakdown of the RoW sector, in view of the publication of annual aggregates by sector that took place in April 2006 ([http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP\\_PRD\\_CAT\\_PREREL/PGE\\_CAT\\_P\\_REREL\\_YEAR\\_2006/PGE\\_CAT\\_PREREL\\_YEAR\\_2006\\_MONTH\\_05/2-31052006-EN-BP.PDF](http://epp.eurostat.ec.europa.eu/pls/portal/docs/PAGE/PGP_PRD_CAT_PREREL/PGE_CAT_P_REREL_YEAR_2006/PGE_CAT_PREREL_YEAR_2006_MONTH_05/2-31052006-EN-BP.PDF))

### **REVISION OF INTERNATIONAL STANDARDS (IMF BOP MANUAL, OECD BENCHMARK DEFINITION AND SNA 93)**

Both the European Central Bank (ECB DG-S/ETS) and the Commission (Eurostat; Unit C4) are members of the IMF BoP Committee and also participated in the three Technical Groups (TEGs) set up by the IMF for the revision of the IMF BOP Manual (BPM5). Similarly, Eurostat and the ECB participate in the OECD's Workshop on International Investment Statistics (WIIS) and the Benchmark Advisory Group (BAG) which are competent in the field of FDI stocks and are in the process of revising the so-called Third Benchmark Definition of Foreign Direct Investment (BD3).

The co-ordination between the revision of BPM5 and the updating of the SNA93 is seen as very important not only to solve current inconsistencies, but also to avoid divergences in the future.

Apart from the co-ordination at the European level, the (ECB/S-ETS) and Eurostat/C4 have actively been participating in revising the manuals and have regularly informed the working

groups, CMFB and STC on the progress made. In January 2006, most issues regarding the revision of both manuals had already been settled. A remaining number of items relevant for the BoP has since then been addressed by the AEG during its meeting of 30 January – 8 February 2006. The IMF has started drafting the new Balance of Payments Manual from November 2005 and in the past months, draft texts of the new manuals have been circulated. The BOPTTEG<sup>4</sup> members received the first Chapters of the new IMF Manual<sup>5</sup> in April. First and second draft versions of the entire manual are envisaged to be presented in the IMF BOPCOM meetings of October 2006, in Frankfurt hosted by the ECB, and 2007. A chapter or an appendix will be dedicated to currency unions and economic unions, following extensive work of the CUTTEG. In late 2007 or early 2008, the electronic version of the new manual is planned to be circulated to all IMF member countries for comments; a final version is expected to be posted on the IMF web site by end-2008 and hardcopies will be available in 2009.

In March-April this year, a second version of the new BMD Manual was disseminated to the members of the Benchmark Advisory Group<sup>6</sup> and subsequently - for the first time - to the WIIS members. In April 2006, the WIIS and the BAG met back-to-back in Paris. Both meetings were largely devoted to discussing the draft-text. A large part of the BAG meeting was devoted to a page by page discussion of the draft BD4-text and on the timetable and division of work. Important milestone for the short term is July 15, when the draft BMD Manual was forwarded to the IMF BOPCOM members for comments. The draft BMD Manual (excluding the issues for which follow-up work is planned; see below) will subsequently be discussed during the IMF BOPCOM meeting of October 2006.

The WIIS agreed that the following FDI issues merit further elaboration: (i) Special Purpose Entities (SPEs), (ii) geographical allocation according to ultimate beneficiary owner / ultimate beneficiary affiliates (UBO/UBA), (iii) mergers and acquisitions and (iv) further clarification of the definition of FDI income, notably of the current operating performance concept (COPC). As regards items (i) and (ii), discussions and progress was made during the March 2006 ECB Workshop on Supplementary FDI (in addition, part of the thematic meeting of the ECB's WG-ES in June 2006 was also devoted to these issues, in particular the treatment of SPEs). Eurostat's BoP WG of October 2006 will also discuss these issues.

To address the issues mentioned above four small project groups were mandated, and the WIIS agreed on deferring the deadline for presenting the full draft BMD Manual to the OECD Investment Committee from April 2007 to October 2007. The end-date for publishing the first draft BMD Manual on the OECD website (end-2006) will be retained, however, but excluding definitive conclusions regarding the four issues still under investigation. To ensure meeting this deadline, the group agreed on additional WIIS/BAG meetings in October 2006 in Vienna, shortly

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<sup>4</sup> The Balance of Payments Technical Expert Group (BOPTTEG) was one of three expert groups established by the IMF to assist preparing the new IMF Manual.

<sup>5</sup> It has been proposed to publish it under the new title 'International (or, alternatively, External) Accounts Statistics Manual', which is intended to better reflect (i) the importance of the international investment position along with the b.o.p. and (ii) the integration with the SNA. Eurostat would prefer to additionally also retain 'balance of payments', e.g. as a subtitle, to maintain correspondence between the forthcoming and present edition.

<sup>6</sup> The Benchmark Advisory Group (BAG) is a sub group of the WIIS, which assists the OECD Secretariat in drafting the new BMD Manual.

after the October meeting of the IMF BOPCOM. Various issues are still unresolved (e.g. the treatment of conduits, deposits with financial institutions and FDI by/in collective investment schemes) and need to be clarified with the same deadline, in close co-operation with the IMF BOPCOM. The end date for the final BMD Manual publication is now planned in early 2008 (instead of late 2007), facilitating the consistency review with the IMF Manual.

### **PHARE PROJECTS**

Through the Phare projects, Candidate Countries are assisted in their efforts to attain the same quality of data and timeliness requirements as the EU Member States ("acquis communautaire").

At the End of 2005, Grant agreements for Phare Multi beneficiary Programme and Multi - Country Transition Facility Programme were signed with the following countries:

- Multi - Country Transition Facility Programme: Hungary, Slovak Republic and Lithuania
- Phare Multi beneficiary Programme: Romania

The aim of the projects are collection and compilation of data on outward FATS and in the beneficiary countries according to the methodology foreseen in the forthcoming FATS Regulation with a view to obtaining a complete data set. The project started on 1st January 2006.

Eurostat launched another Phare Multi-beneficiary Programme in 2006 in which Turkey and Croatia were invited to participate. This project will permit an assessment of feasibility of data collection and compilation of outward FATS in the beneficiary countries according to the methodology foreseen in the forthcoming FATS Regulation. Thus the main objective of the Phare project is the implementation of the new *acquis communautaire* in outward FATS statistics. The project will start on 1st January 2007.

### **TASK FORCE "INTERNATIONAL SOURCING"**

In 2005, Eurostat decided to launch a project on international sourcing as presented in the SBS steering group. The project is a response to user needs in this area. In particular the discussion on the emerging international sourcing of services has fuelled demand for comprehensive and high quality data. The project has two objectives:

- To establish a set of indicators on international sourcing utilising the existing (e.g. trade data) or forthcoming (such as FATS) sources and
- To supplement the existing indirect statistical information with the direct information collected via a targeted business survey in the context of the Structural Business Statistics

Eurostat will support financially these activities by Members States. Member States will be invited to express their interest for a grant regarding measurement of international sourcing.

In 2006, a task force consisting of Eurostat staff members as well as experts from Member States was formed so as to further define the objectives of the work. This includes, among other things, the definition of framework for measuring international sourcing, the design of operational definitions for surveying purposes and the identification of the survey population to be covered. The task force had a first kick-off meeting in January 2006 and came up with first proposals in April 2006.

## **ANNEX**

### **Eurostat: Metadata, Data production and Publication**

## 1. Eurostat-BoP Publications and New Cronos

Since October 2004 Eurostat's statistics are available on the web **free of charge**. Balance of payments data are represented by 5 collections with the corresponding metadata in SDDS format:

Economy and finance

Balance of payments - International transactions

Balance of payments statistics

International trade in services, geographical breakdown

European Union direct investments

European Union Foreign Affiliates Statistics (outward FATS)

Balance of payments of the EU institutions

**EU25** aggregates are available for all collections above (except for FATS).

The **quarterly** EU balance of payments statistics are published regularly in co-ordination with the ECB (8 press releases per year). Two and a half months after the reference quarter, a first release is published, followed by a more complete publication four months after the reference quarter. In addition to the aggregated quarterly balance of payments data of the EU-25, the Eurostat website also contains a harmonized set of national balance of payments statistics, as well as monthly and quarterly aggregates on the Eurozone prepared by the ECB. Based on the quarterly data, Eurostat estimates preliminary annual data for Foreign Direct Investment and International Trade in Services, which are published in July. Consistency between annual and quarterly BoP figures has been achieved for almost all Member States.

Detailed 2004 data on **International Trade in Services** were put in the New Cronos database in February 2006. A news release containing the main results was posted on 13 February 2006. A "Statistics in Focus" analysing EU ITS in 2004 was published in May 2006. The publication "EU International Trade in Services 1994-2004" was published in June 2006.

Detailed EU-15 and EU-25 data on **FDI** covering 2001-2004 (and, in few cases, revisions back to 1980) were received by end-September 2005 (in some cases, however, data were received later). The EU aggregates and Member States data on FDI flows and income were published in NewCronos at end of December 2005. All the received national FDI stocks' data including reference year 2004 and EU aggregates until reference year 2003 (and revisions of FDI flows for the periods prior to 2002) were published mid- February 2006. These results were presented in a "Statistics in Focus" and in the "FDI Yearbook" in June and August respectively.

The Outward FATS metadata in SDDS format as well as the Outward FATS data (1995-2002) have been available on the Eurostat Homepage since 28 July 2005. Data for reference year 2003 will be published by the end 2006.

The production infrastructure for balance of payments of the **EU Institutions** has been improved significantly. Data for 2004 were published in April 2006. Moreover, Eurostat is working on a consistent set of BoP EUI quarterly data for years 1999-2004 with maximum geographical breakdown.

## 2. Balance of Payments- Eurostat Metadata in SDDS format Base Page

### *GEOGRAPHICAL AREA*

EU-15, EU-25, euro-zone, US, Japan, Norway, Iceland, Bulgaria, Romania, Turkey

### *DATA CATEGORY*

Economy and finance

Domain: Balance of payments

Collections: Balance of Payments (Q\_bop), International Trade in Services (ITS), Foreign Direct Investment (FDI), Balance of Payments of the European Institutions (Eu\_int), Outward Foreign Affiliates Statistics (Outward FATS)

Basic indicators on EU policy - Domain: Euro-indicators - Collection: Balance of Payments

Basic indicators on EU policy - Domain: Structural indicators- Collection: Economic Reform - Tables: market integration

### 2.1 The Data: Coverage, Periodicity and Timeliness

#### *Coverage (data characteristics)*

The Balance of Payments (BoP) systematically summarises all economic transactions between the residents and the non-residents of a country or of a geographical region during a given period.

The Balance of payments provides harmonised information on international transactions which are part of the current account (goods, services, income, current transfers), but also on transactions which fall in the capital and in the financial account.

BoP is an important macro-economic indicator used to assess the position of an economy (of credit or debit) towards the external world. Data on International Trade in Services, a component of BoP current account, and data on Foreign Direct Investment, a component of BoP financial account, are used to monitor the external commercial performance of different economies. Outward FATS measure the commercial presence, as defined by GATS, through affiliates in foreign markets. Out of BoP data, some indicators of EU market integration are also derived.

#### *Time coverage*

- Monthly BoP data are available (only for the aggregate Euro-area) starting from 1999M01.
- Quarterly BoP and ITS data are available starting from 1980Q1.
- Annual BoP and ITS data are available starting respectively from 1980 and 1985.
- FDI data are available starting from 1984 (flows), 1992 (income), 1994 (stocks).
- BoP EU\_inst data are available starting from 1987.
- Outward FATS data are available starting from 1995.

#### *Periodicity*

- BoP data: monthly (only for the euro-zone), quarterly and annual
- ITS data: quarterly (14 posts) and annual (90 posts)
- FDI data: annual
- BoP EU\_inst data: annual
- Outward FATS: annual

### ***Timeliness***

BoP Monthly data for the euro area (source ECB) are released within 8 weeks after reference period.

- BoP Quarterly data:
  - \* A first estimate for the EU aggregate and for the net flows of the current account and services is published 2 months and a half after the reference period.
  - \* The complete BoP quarterly dataset is published 4 months after the reference period.
- Annual ITS data are released around 11-13 months after the reference period. Preliminary data, with limited detail for partners and posts, are released 9 months after the reference period.
- Annual FDI data are released around 12-13 months after the reference period. Preliminary data, with limited detail for partners and activities, are released 9 months after the reference period.
- Annual BoP EU\_Inst data are released around 10-11 months after the reference period.
- Annual Outward FATS data are released around 22-24 month after the reference period.

## **2.2 Access by the Public**

### **Advance dissemination of release calendar**

For BoP quarterly data, a release calendar is disseminated on the website at <http://ec.europa.eu/eurostat> (Please enter the home page and select: Release calendar).

For *euro-zone* balance of payments, please refer to:

<http://dsbb.imf.org/Applications/web/euronote/>

### **Simultaneous release to all interested parties**

Data are disseminated simultaneously to all interested parties through a database and through press releases.

## **2.3 Integrity (transparency of practices and procedures)**

**Dissemination of terms and conditions under which official statistics are produced, including those relating to the confidentiality of individually identifiable information**

### **Rules on statistical compilation of BoP**

For a long period, Member States have submitted to Eurostat BoP data following the arrangements contained in bilateral Gentleman's Agreements.

The Regulation n°184/2005 of The European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment (OJ L35/23 of 8/02/2005), will become the applicable for EU data production as from reference year 2006 onwards. In addition, Commission Regulation (EC) No 601/2006 and Commission Regulation (EC) No 602/2006 have been published (OJ L106/7 and L106/10 of 18/04/2006), respectively implementing and amending Regulation (EC)No 184/2005.

In the compilation of BoP, responsibility is shared between Eurostat and the ECB. Eurostat focuses on quarterly and annual aggregates of the EU25 and on detailed ITS data also for the euro area, whereas the European Central Bank (ECB) is in charge of compiling and disseminating the euro area monthly and quarterly balance of payments statistics. A Memorandum of understanding (with a BoP Annex) has been signed between the two parties. For more information on euro area Balance of Payments data, see the ECB website <http://www.ecb.int/stats/external/html/index.en.html>

The reference for National Accounts is the Regulation ESA95 of 25/6/96 published in the OJ L310 of the 30/11/1996.

In order to receive all the legal information, please contact [Celex@opoce.cec.be](mailto:Celex@opoce.cec.be).

### **Regulation on statistical confidentiality**

Council Regulation (CE) No 322/97 of 17 February 1997 (OJ No L 52/1) and Council Regulation (EURATOM, EEC) no 1588/90 of 11 June 1990 on the transmission of the data subject to statistical confidentiality to the Statistical Office of the European Communities (OJ No L 151/ 1) set the rules used for receiving, processing and disseminating the confidential data.

### **Identification of internal access to data before release**

Only European Commission officials have access to the EU (or euro zone) quarterly data before the release. The text of the news release is sent to the Commissioner's Cabinet and to Eurostat's Press Office prior to the release of the data.

A routine exchange of data occurs between Eurostat and the European Central Bank, in order to obtain the euro zone data included in the Euro indicators site, and for quality checking purposes. ECB respects the embargo according to the press release calendar.

### **Identification of commentary on the occasion of statistical releases**

Other than the text of the news release drafted by Eurostat, there are no official comments on the occasion of the release of the data.

### **Provision of information about revision and advance notice of major changes in methodology**

Quarterly and annual data are revised with the updated information transmitted by the Member States, according to the timetable specified in the BoP Vademecum. The new data received from a single country are loaded in Eurostat's website only when the data-set is updated for all the countries (monthly, quarterly or annually, according to the collection).

Quarterly data should be considered as provisional when first released. They are revised when more detailed information (by components and geographical breakdown) is transmitted by Member States three months after the reference quarter. Quarterly data are also revised when information for the next quarters is provided by Member States. Finally, quarterly data are also subject to revision when the annual data are published, in order to ensure consistency between quarterly and annual figures.

## **2.4 Quality (information the user needs to assess data quality)**

### **Dissemination of documentation on methodology and types of data sources used in preparing statistics**

The methodological framework followed in the compilation of the Balance of Payments is that defined in the fifth edition of the International Monetary Fund Balance of Payments Manual (BPM5).

The EU15 balance of payments is compiled from the data provided by the Member States of the EU. Methodological notes regarding the compilation of the Balance of Payments of the European Union are available in Balance of Payments and International Trade in Services SDDS Summary Methodology.

### **Dissemination of component detail, reconciliations with related data, and statistical frameworks that support cross-checks and provide assurance of reasonableness**

More information on national data can be found on the Dissemination [Standards Bulletin Board of the IMF](#) (International Monetary Fund).

For euro zone balance of payments, please refer to:

<http://dsbb.imf.org/Applications/web/euronote/>

The ECB publishes an [Annual Quality Report on Euro area Balance of Payments and international investment position statistics](#). This report is the result of a Joint ECB-Eurostat Task Force on quality.

BoP data can be related with some of the data published by National Accounts (in particular with the figures appearing inside the Rest of the World account) and with the aggregate figure on imports and exports of goods published by Foreign Trade Statistics. More information on this issue can be found Balance of Payments and International Trade in Services SDDS [Summary Methodology](#).

## **2.5 Dissemination Formats**

### **Hardcopy**

#### **News release:**

For Eurostat's quarterly data at 70 and 110 days. News releases text available: on line

## **Publications:**

Free pdf publications: Statistics in Focus

- *EU International Trade in Services in 2004*, Statistics in Focus 8/2006
- *EU Foreign Direct Investment in 2004*, Statistics in Focus 13/2006
- *EU25 current account deficit widened to € 94.2 bn in 2005* (preliminary results), Statistics in Focus 14/2006

Paper publications, last edition available:

- *European Union international trade in services 1996-2004, analytical aspects*, collection Detailed Tables, Eurostat, 2006.
- *European Union foreign direct investment 2005*, collection Pocketbook, 1998-2003 data, Eurostat, 2005.
- *European Union International Transactions 1993-2003*, collection Detailed Tables, Eurostat, 2005 (pdf on line).
- *Balance of Payments of the European Union Institutions 1999*, collection Detailed Tables, Eurostat, 2000.

Publications planned: *European Union foreign direct investment 2006*, collection Pocketbook, data 1999-2004, 2006.

## **Electronic**

On-line or database.

Internet address: <http://ec.europa.eu/eurostat>

## **Contact**

Eurostat, Statistical Office of the European Communities, Unit C4, Balance of Payments Statistics  
L-2920 Luxembourg

For any question on data and metadata, please contact:

### [EUROPEAN STATISTICAL DATA SUPPORT](#)

[http://epp.eurostat.ec.europa.eu/portal/page?\\_pageid=1493,1,1493\\_4890855&\\_dad=portal&\\_schema=PORTAL](http://epp.eurostat.ec.europa.eu/portal/page?_pageid=1493,1,1493_4890855&_dad=portal&_schema=PORTAL)