



Consistency in Balance of Payments and Rest of the World possible reasons and a country integration project in the EU

Item 4

Peter GAL, C2

Based on the work of C5 and Robert OBRZUT

Primera Reunión sobre armonización de Cuentas Nacionales (CCNN) , Balanza de Pagos y Posición de Inversión Internacional (BP y PII) en el marco del SCN 2008 y el MBP6

Brasilia- Brasil, 27-29 de Junio de 2017

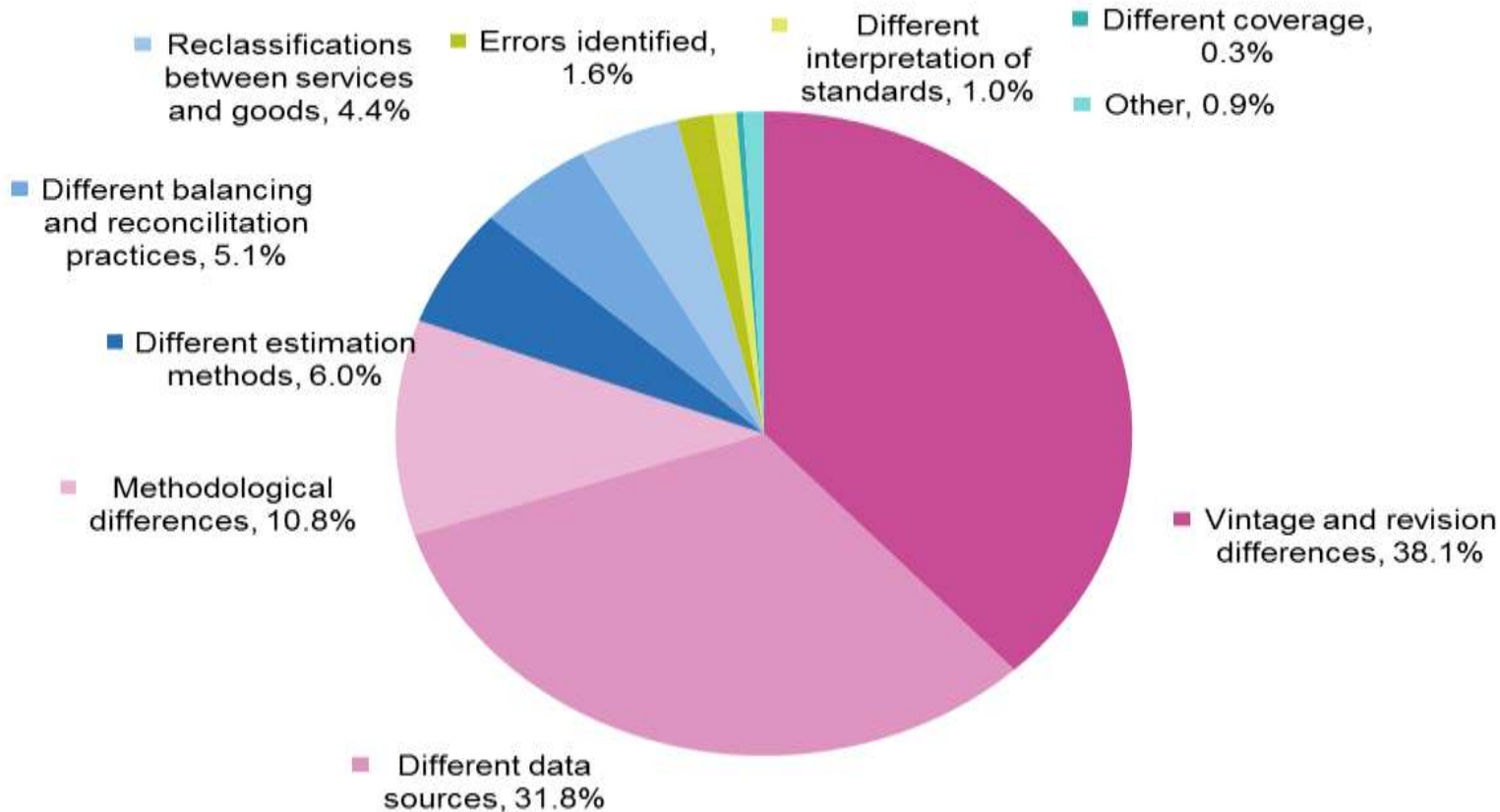
CONTENT

- Inconsistencies between National Accounts and Balance of payments the possible reasons in the EU
- Ensuring consistency a way forward: a country example BOP / NA integration project
- Recommendation



European
Commission

- Main issues (BoP/RoW) surveys possible explanation to discrepancies given by EU Member States 2017

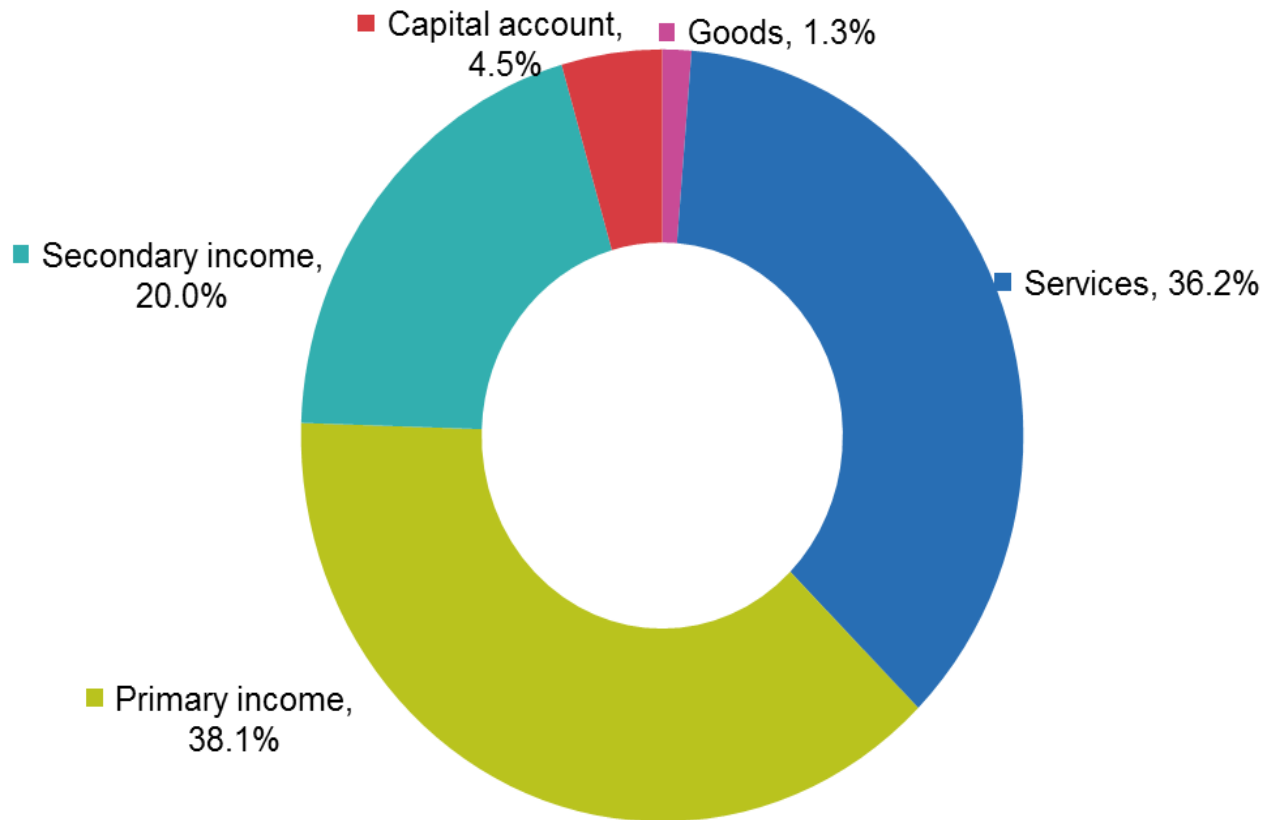




European
Commission



Methodological differences (1)



Methodological differences highlights (2)



- BPM6 and SNA provide different guidance for the coverage of transportation costs and different **CIF/FOB imputation** practices generate discrepancies.
- the requirement of exhaustiveness for the compilation of **illegal trade** is not fully complied.
- SNA/ESA do not include a concept and an explicit definition of “**travel**”
- SNA/ESA do **not** include a concept like “**government goods and services** ” in **BoP**.

Methodological differences highlights (3)



- SNA/ESA and BPM6 are not precise enough and show methodological discrepancies in the recording of transactions related to **package tour expenditures**.
- Conceptual discrepancies between ESA and BPM6: FIs definition; treatment of interbank loans and negative FISIM. ESA and BPM6 provide different guidance for computation of external reference rates.
- in some extent, BoP and NA do **not** have a **consistent statistical treatment of SPEs**.

Country A integration example (1)



- In 2013, it was decided that external statistics (BoP, IIP) were to be moved from Bank to Statistics Institute
- In the transitory phase (2014 - 2016) they have been compiling these statistics in the NSI using Bank's system remotely
- In 2017, BoP compilation will be completely integrated into NA compilation system

The integration project country A(2)



Pre-assessment project
Gave proposals for planning
of the IT project

Implementation project
Launching integrated BoP
compilation in line with the
organization



Integration project

-IT system, source data processing,
compilation schedule, revision policy

-Project manager, 4 product owners,
project secretary, 3 architects, 8
software developers, numerous
experts from both BoP and NA units

-Budget around 900.000 € and 13-
person-years over slightly less than
two years

The integration project country A (3)



Integration will bring great benefits

- harmonized compilation schedule will notably reduce vintage differences
- automated data transfers ensure consistency
- shared processes and work community of NA and BoP staff contribute to better quality
- Integrating BoP into existing NA system is probably easier than building a whole new system for the two statistics
- Integrated compilation process requires extensive planning and some speeding-up of compilation processes

BUT

- A very large amount of work
- The project demands both technical and substance expertise => personnel risks are notable

The integration project, lessons learned country A (4)



- Integrating BoP into existing NA system is probably easier than building a whole new system for the two statistics
- If they achieve to integrate the compilation and publication timetables, there should not be vintage differences
- Integrated compilation process requires extensive planning and some speeding-up of compilation processes



Country B integration example (1)

- **BOP/IIP compilation (Bank)**

Since 2003 based on direct reporting of transactions and stocks by all sectors (but households), with full geographical detail, on a monthly basis. Some additional reporting on FDI earnings and FDI stocks annually

- **Sector accounts compilation (Statistics Institute)**

- Quarterly and annual cycles integrating multiple sources (surveys as well as administrative), including information from the Bank concerning financial sectors and BOP/IIP. Financial as well as non-financial accounts

- **Significant differences between BOP/IIP and ROW account due to:**

- Different (use of) sources
- Adjustments to integrate ROW data in sector accounts
- Different revision practices (actuality vs. continuity)

The integration project country B (2)



Full consistency between BOP and ROW-account as integrated statistics

- A new survey for all financial sectors (operated by the Bank) and NFCs (operated by Statistics Institute) serving sector statistics, sector accounts and the BOP/IIP. Surveys are primarily based on statistical definitions from ESA2010/BPM6

The integration project country B (3)

Full consistency between BOP and ROW-account as integrated statistics



- The Bank responsible for compiling financial sectors (“ESA-compliant”), The Statistics Institute for non-financial sectors and overall set of sector accounts. Joint responsibility for the ROW account and BOP/IIP on a quarterly and annual basis
- Joint integration of BOP and ROW account within sector accounts. Close cooperation of National accounts experts, BOP/IIP experts as well as financial sector experts in integration process is expected to foster the quality of both institutions’ statistics

The integration project country B lessons learned conclusion (4),



- The Bank and Statistics Institute's management has committed to realise full consistency between the country BOP/IIP and ROW account, giving one uniform message to users
- Quality of financial sector statistics, sector accounts and BOP/IIP is expected to improve by close cooperation of NA experts and Bank experts in the sector accounts integration
- Processes will be aligned and more efficient
- The bank and Statistics Institute will spend much less time comparing and reconciling double reported data
- Respondents have to complete only one survey (which is a bit more elaborate)
- Clear choice for focusing on quarterly data of good quality, supplemented with monthly trade in goods, MFI and securities statistics

Recommendation for the way forward

- Active monitoring of consistency
- Organisational impact-national coordination issues, integrated compilation
- Synchronization of production and revision cycles
- Mediating between national counterparts
- Methodological follow up in BPM and ESA revisions

