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CHANGES IN EUROPEAN STATISTICS

Beginning in October new international standards will be implemented in European statistics. This is part of a coordinated international process that will change a wide range of key economic indicators used by the European Central Bank (ECB), such as gross domestic product (GDP), private debt or the current account balance, which are derived from national accounts (including the financial accounts) and balance of payments statistics. The reform will enable economic activity to be more accurately measured in a world economy which is increasingly interconnected and knowledge-based. Following a process to which statisticians all over the world contributed, the updated “System of National Accounts” (2008 SNA) has been adopted by the United Nations and become the new international standard. In addition, the sixth edition of the International Monetary Fund’s “Balance of Payments and International Investment Position Manual” (BPM6) has been adopted as the new reference publication for the compilation of cross-border statistics.

Some countries, such as Canada, Australia and the United States, have already implemented the new standards in their national accounts and balance of payments statistics. Others – including all EU Member States – will implement them in the course of this year. On the basis of a legal act agreed by the European Parliament and the EU Council, national accounts in the EU will follow the new European System of National and Regional Accounts (ESA 2010), which is consistent with the 2008 SNA. The Governing Council of the ECB has also adopted several legal acts to align its statistics with the BPM6 and the ESA 2010.

This third amendment of the SNA (after 1968 and 1993) and the fifth amendment of the BPM ensure that statistics adequately reflect new economic phenomena, for instance by recording research and development expenditure as investment, and therefore as part of GDP, or by providing a more detailed presentation of financial intermediation, including banking activities of financial corporations other than banks. As a result, users of national accounts will be able to detect potential risks to the economy more easily, since they will have, for example, more detailed information on complex financial operations and financial innovation.

The amended standards for national accounts and balance of payments statistics also foster a high degree of consistency between the statistics measuring the activity of and transactions between domestic sectors and those covering the transactions of the domestic economy with the rest of the world. This provides important support for the multilateral surveillance that is now in place as part of the economic governance framework in the EU.

The adoption of the new statistical standards will lead to revisions in the national accounts and balance of payments statistics published in the past. Most statistical institutes and central banks in

the EU are also taking the opportunity provided by the revision of the methodological standards to simultaneously upgrade statistical compilation. National accounts and balance of payments statistics rely on statistical surveys, reports, administrative data and estimations, and involve the use of statistical techniques and expert judgement. Only part of the revisions will be due to the introduction of the new standards; the rest will be the result of regular updates stemming from the incorporation of new data sources (e.g. new population or housing censuses) or improvements in compilation and estimation methods.

The experience in countries for which revised statistics have already been released shows increases in reported GDP levels. These revisions may influence policy-making and processes such as the EU's excessive deficit procedure or macroeconomic imbalance procedure. A more detailed and precise assessment of the impact of the changes on the components of the national accounts and balance of payments statistics will only be possible after the full datasets have been published by all EU Member States.

The ECB has included a section on its website dedicated to the implementation of the revised standards in national accounts and balance of payments statistics <http://www.ecb.europa.eu/stats/acc/html/index.en.html>. The European Commission (Eurostat) has also prepared a website section explaining the implementation of the ESA 2010 http://epp.eurostat.ec.europa.eu/portal/page/portal/esa_2010/introduction. In addition, the ECB has published a detailed article on the implementation of the revised statistical standards in the August issue of its Monthly Bulletin.

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ANNEX 1

Schedule for the release of statistics in line with the BPM6 and ESA 2010 in the EU

