

Box 6

The balance of payments for the euro area: methodological issues

The production of overall balance of payments figures for the euro area is undergoing a major methodological revision. Euro area balance of payments aggregates could be compiled, in principle, by adding up the net balances of payments of the individual Member States involved. In theory, such a method should yield accurate estimates of the net balance of payments of the 11 participating countries vis-à-vis the rest of the world, since the addition of national data would imply the netting-out of intra-euro area transactions. In practice, however, bilateral data do not fully match, resulting in discrepancies at the euro area level.

In order to overcome such problems, for data starting from January 1999 onwards, and for historical data, each Member State will provide balance of payments data which are compiled using an alternative common methodology. The euro area balance of payments statistics will be compiled by aggregating – on a gross basis – the extra-euro area balance of payments data reported by the 11 participating countries. As from April 1999 the ECB will publish monthly balance of payments figures using this methodology.

As from July 1999 the ECB will also publish, in co-operation with the Statistical office of the European Commission (Eurostat), a quarterly balance of payments for the euro area with a more detailed breakdown of the main items of the financial account (direct investment, portfolio investment, financial derivatives, other investment and reserve assets) as well as investment income.