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European revision policy for balance of payments/international investment position and national accounts statistics

Major revisions

The proposal for major revisions implies coordination across domains and across Member States (see summary in Table A below). The proposal therefore implies a clear role for coordination at the European level of major revisions between compilers of national accounts, EDP and b.o.p./i.i.p. statistics.

Table A: Framework for major revisions

	Major revisions	
	Major Ad-hoc revisions	Major Regular Revisions
Description	These revisions originate from methodological changes (e.g. introduction of new NACE or ESA) or special events (euro area or EU enlargements, in the areas for which they are relevant)	Major revisions that take place on a regular basis (five to ten years) to incorporate results of changes in basic data sources (surveys and censuses) and/or new estimation methods.
Governance	To be coordinated at European level and introduced at national level according to a single timetable agreed and established by the appropriate ESS and ESCB decision-making bodies	To be co-ordinated at the European level through a regular timetable agreed and established by the appropriate ESS and ESCB decision-making bodies
Depth	Entire time series (or as far back as possible)	
Timing	Agreed timetable to be applicable across all statistical domains	Benchmark years fixed with years ending with "0" and "5", implementation years with years ending "4" and "9", unless this is integrated with a European-wide major occasional revision in another year
Scope	Annual EDP notification; annual and quarterly national accounts; annual, quarterly (and monthly) b.o.p./i.i.p	

The national need for major revisions outside the major (European) ad-hoc or regular revisions is recognised, although not formally in the proposal. Indeed, the trade-off between national data accuracy and the respect to the revisions practice should be assessed on a case by case basis and discussed with the relevant European statistical authorities. In the forthcoming decade the expected number of major ad-hoc revisions (e.g. euro area enlargements) is high, which would allow keeping the number of national major revisions to a minimum. Moreover, national compilers should, as much as possible, coordinate the development and introduction of new data sources or methodologies with major regular revisions.

Routine revisions

Routine revisions occur at three frequencies, annual, quarterly, and in the case of the b.o.p., also monthly. In the context of this proposal for a common practice, only annual and quarterly frequencies are discussed leaving to b.o.p. compilers the discussion of the

best strategy to accommodate monthly revisions in the overall strategy. Concerning the practice proposal below, it is important to note that dropping one (or more) revision instances (i.e. columns in Table B and/or C) at the national level is not a problem, as long as the remaining ones abide to the guidelines in the tables.

Quarterly routine revisions

The revision path for quarterly accounts is strictly related to the release practice that foresees up to three estimates for quarterly data (see Table B). The preliminary quarterly estimate (national accounts) broadly corresponds to the release of the b.o.p. of the third month of the reference quarter, and the final quarterly estimate in national accounts corresponds to the quarterly b.o.p./i.i.p. release.

Table B: Framework for quarterly routine revisions

	Quarterly data		
	Advance estimate (around 1 months after reference period)	Preliminary estimate (around 2 months after reference period)	Final estimate (up to 3 months after reference period)
Description	Flash estimate	More complete set of quarterly national accounts and monthly balance of payments	Complete set of quarterly national accounts and quarterly balance of payments
Depth¹	Revisions limited to a maximum of 15 quarters in the 1 st quarters, 4 quarters in the 2 nd quarters, 17 quarters in the 3 rd quarters and 6 quarters in the 4 th quarters.		
Scope	GDP, main expenditure components, total employment figures	Main expenditure, output and income components, breakdown of employment figures. Monthly b.o.p.	Complete set of (non-seasonally adjusted) quarterly national accounts and b.o.p./i.i.p. Quarterly financial and non-financial accounts for institutional sectors (all these data sets are expected to be coherent)

Note that coherence should be ensured between the three releases of quarterly accounts. If a Member State opts for just one release of specific aggregates, in addition to the flash estimate, it has to ensure the coherence of the subsequent data sets (e.g. b.o.p.) released later during the quarter. The final release corresponds to a coherent full set of quarterly data. Further revisions should maintain the coherence of the full set of quarterly data.

Annual routine revisions

Longer annual routine revisions can occur twice a year in the proposal (1st and 3rd quarters) and have a scheduled depth of maximum 3 years (see Table C below). This option for only two longer annual revisions is linked to the general availability of annual data. It is also justified by the compilation of integrated statistical products, like the euro area accounts, which encompasses a rather heavy integration process which should, as much as possible, be limited in time.

This proposal introduces a limitation in the current b.o.p./i.i.p. annual revision practice, which allows the revision of the full time series. The possibility of revising the full time series is now granted by the introduction of major revisions in b.o.p./i.i.p.. **The annual**

¹ Excluding the reference quarter being transmitted. For example, in the beginning of 2012, when reporting for the first time data for 2011Q4, MS may revise the remaining 3 quarters of 2011 and all quarters of 2007, 2008 and 2009 (15 quarters).

practices need to be aligned across domains such that at the Member State level the timing and depth of the annual revisions is agreed. Moreover, it is suggested that at the national level the revisions practice should be at least as strict as at the European level, i.e. shorter backwards revisions and fewer annual revision points are welcome but not the opposite.

Following this approach, the annual figures may be regularly revised up to 3 years within two windows during the year: the first one corresponding to the release of the first preliminary results based on quarterly figures and to the 1st EDP notification, at the end of the 1st quarter of the year, and the second one, corresponding to the first results based on annual input data and the 2nd EDP notification, at the end of the 3rd quarter of the year. Revisions of all tables due at T+12/24/36 months, such as government expenditure by function, SUT/IOT tables, regional accounts and non-financial balance sheets could follow a different timetable because of their transmission deadlines and specificities; however, when feasible, full consistency between all data sets is recommended. It may occur that MS who revise part of the accounts in one quarter and the remaining parts of the accounts in a following quarter will experience inconsistencies between the two datasets. It will be important to implement at least one comprehensive annual revision.

Table C: Framework for annual routine revisions

	Annual data			
	Advance annual estimate (up to 3 months after reference year)	Revised advance annual estimate (up to 6 months after reference year)	Preliminary estimate (up to 9 months after the reference year)	Revised preliminary estimate (up to 12 months after the reference year)
Description	First estimate for the reference year, mostly corresponding to the release of quarterly figures, i.e. with the publication of the 4 th quarter results for year t-1	First revision of year t-1	First official transmission of annual data for t-1, which corresponds to the second revision of t-1 for some variables	Third revision of year t-1, from the aggregation of quarterly data
Depth	Revisions limited to a maximum of 3 years (excluding t-1, being reported for the first time)	Revisions limited to year t-1	Revisions limited to a maximum of 3 years (excluding t-1, being reported for the first time for annual accounts)	Revisions limited to year t-1
Scope	At least GDP and main aggregates, employment, financial and non-financial accounts by institutional sectors, balance of payments and international investment position, first EDP notification	Entire set of accounts. Excluding input/output tables, regional accounts and non-financial balance sheets	Entire set of accounts, including the 2 nd EDP notification. Excluding input/output tables, regional accounts and non-financial balance sheets	Entire set of accounts. Excluding input/output tables, regional accounts and non-financial balance sheets