

## **A Harmonised European Revision Policy for Macroeconomic Statistics**

### **I. Introduction**

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Macroeconomic statistics, such as national accounts, the balance of payments and the international investment position, are produced from a large variety of data sources. These data sources are reconciled using an approach based on an agreed set of international guidelines. The sources used to estimate macroeconomic aggregates are provided with varying degrees of timeliness, taking up to three years or more in the case of structural sources. As users need national and international data as fast as possible, particularly on certain key aggregates like gross domestic product (GDP), data are produced using the sources and related indicators that are more readily available. As more complete data are obtained from these sources in due course and the structural sources are made available, the statistics are updated to incorporate the new information.

Such revisions of macroeconomic statistics are necessary to improve quality, but can be inconvenient for users. To minimise this inconvenience, revisions should ideally be coordinated within one country, across different statistics, and then across countries. International comparability – and the compilation of EU and euro area aggregate statistics – is hampered when different revision policy schemes are applied in different countries. As the schedule of revision of national accounts and balance of payments statistics varies from country to country, this creates inconsistencies among different statistical domains.

The European Statistical System (ESS) and the European System of Central Banks (ESCB) try to strike the right balance between incorporating the necessary statistical revisions and maintaining an acceptable degree of consistency across domains and countries. To this end, the two systems have worked together to draw up guidelines for a harmonised revision policy for macroeconomic statistics.

### **II. Two kinds of revisions**

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A distinction should be made between 'routine' revisions and 'major' or 'benchmark' revisions.

- Routine revisions refer to the changes made to the economic data published initially and to its subsequent releases for a particular reference quarter or year. For example, the initial estimate of EU GDP for a certain quarter is published 30 days after the end of the quarter. Revised estimates of EU GDP for the same quarter are subsequently published after 45, 60 and 100 days, each taking into account the latest available data. Data can be revised for up to four years after the quarter. However, the earlier estimates typically undergo the most significant revision. In routine revisions, the number of past periods being revised (the 'depth' of the revision) is typically relatively limited.
- Benchmark revision is carried out at much longer time intervals. Its purpose is to incorporate the main new data sources and major changes in international statistical methodology (such as ESA 2010 or BPM6). In benchmark revision, many years are open for revision in order to create the longest possible consistent time series.

### **III. Towards a harmonised European revision policy**

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In order to address users' concerns about the lack of coordination of revisions, National Statistical Offices and National Central Banks agreed to gradually implement a common harmonised European revision policy for national accounts and balance of payments statistics. This policy includes differentiated guidelines regarding the timing and depth of revisions of quarterly and annual data. It aims to improve adherence to the twofold principle of alignment between statistical domains at national level and coordinated alignment across countries at EU level.

In addition to source availability, national release calendars also influence and sometimes constrain the design of the common revision policy. This is because national release calendars are determined by national policy needs, as well as by the statistical reporting obligations that exist in the EU. The guidelines also need to be aligned with the schedule of the various administrative uses of national accounts figures, namely the Macroeconomic Imbalances Procedure in the context of the European Semester, gross national income (GNI) for EU budget purposes, and general government deficit and debt figures for fiscal policy.

The harmonised European revision policy for macroeconomic statistics is outlined in the next section. Implementation is now underway and will take some time. The National Statistical Offices and the National Central Banks are not legally bound by this common policy, but voluntarily agree to it and commit to gradually implement it with the aim of delivering more consistent statistics to users. The level of adherence to the guidelines of Member States' revision policies will be monitored regularly.

### **IV. Main characteristics of the harmonised European revision policy**

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The harmonised policy applies to the national revision practices of national accounts and balance of payments statistics at both the annual and quarterly frequencies.

#### **IV.1 Routine revisions for quarterly data**

Between one and two months after the end of a given quarter, Member States publish the first ('flash') estimates of the main national accounts aggregates, including GDP. Around two months after that quarter, new estimates ('preliminary estimates') of these main aggregates are published, which may revise the flash estimates and contain some additional detail. Finally, around three months after the quarter, a complete set of quarterly national accounts are published, including institutional sector accounts, and quarterly balance of payments data. These estimates could subsequently be revised again in future quarters and years to align them with new annual data.

Quarterly estimates are usually revised retrospectively for up to four years, although the policy allows unlimited revisions in quarter 3.

#### **IV.2 Routine revisions for annual data**

The sequence of publications/revisions regarding annual data, in calendar year  $t$ , is as follows:

- Quarter 1: First estimate of annual data for year  $t-1$ , usually corresponding to the sum of the quarterly figures released;
- Quarter 2: First possible revision of annual data for year  $t-1$  to include revisions of quarters of  $t-1$ ;
- Quarter 3: First estimate of annual data for year  $t-1$  based on both annual and first available sources;

- Quarter 4: Exceptional revisions of annual data for year t-1 may be carried out to take into account changes following Excessive Deficit Procedure and Own Resources notifications (GNI Committee).

Annual estimates are usually revised retrospectively for up to four years, although the policy allows unlimited revisions in quarter 3. Some countries are obliged to publish the initial annual data on t-1 in quarter 2 instead of quarter 3.

### **IV.3 Major or benchmark revisions**

In 2014, all Member States disseminated revised data according to ESA 2010. The agreed guidelines specify that Member States should disseminate the results of the next benchmark revisions in 2019 and 2024 respectively. It is expected that most EU countries will be able to meet the 2019 target and that all EU countries will undertake the subsequent benchmark revision in 2024. Disseminating the results of a benchmark revision always involves revising all, or at least a large part of the time series.