

**26<sup>th</sup> MEETING OF THE COMMITTEE  
ON MONETARY, FINANCIAL AND  
BALANCE OF PAYMENTS STATISTICS**

**Luxembourg, 26 - 27 June 2003**

**PART B - ITEMS FOR DISCUSSION**

**ANNEX B:**

**Written procedure on the recommendations of the Final Report  
of the Technical Group Direct Reporting**

**TO**

**Item B.3.d of the agenda**

**Final Report of the Technical Group Direct Reporting - Summary**

Documents:

1. Executive summary of the synthesis
2. Synthesis
3. Individual answers from Member States

## **1. Executive summary of the synthesis: Written procedure on the recommendations of the Final Report of the Technical Group Direct Reporting**

1. A large majority of Member States will make use of some kind of bank settlements of information for Business register updating purposes, and bank settlements could remain an important source for data collection for some of them. Six Member States declared to make no use at all of bank settlements information.
2. At present, in principle in 14 of the Member States the means necessary to conduct a thorough quantitative analysis are available. The current exercise was based on information from a settlement system database, but administration registers were also used.
3. For the creation of an individual country's BOP Register, all possible sources listed in the report were considered. Existing registers from the bank settlements are at present the main source of information. A simplified international payments database will play an important role in the future, although the access is sometimes limited due to legal constraints. The Commission's Regulation on BOP could overcome possible problems. An unique ID number is relevant, but not available in all Member States
4. In principle, the importance of big players was discovered. Some concerns refer to the selection of this dominant group. A majority of Member States were in principle able to compile data from big players with the desired periodicity. Conversely, some Member States were sceptical, taking account in particular the structure of the population of companies within their economy.
5. An empirical question revealed that Member States select big players either by cut-off or threshold.
6. Due to the relatively high importance of small and medium enterprises in some Member States, the information retrieved from big players will not suffice, and other collection methods should be needed. Future collection systems will most likely consist of different building blocks based on both direct and indirect reporting. These building blocks will vary over different economic sectors, different instruments and countries.
7. Within the surveys as a supplementary source to the reporting of big players or as the unique source for their BOP collection system, reporting geographical breakdowns will be cumbersome for respondents. High degrees of estimation and grossing up by the compiler will probably be necessary, and an analysis of the geographical breakdown provided by the selected big players must be done.
8. The difficulty in conducting monthly surveys revealed that theoretically it is manageable only to derive monthly data from quarterly surveys. Estimation techniques and modelling are indispensable tools.
9. The large majority of Member States find difficulties in incorporating of the multinational procedures in the compilation process. Another practical way has then to be found in order to process the information received from multinationals on the basis of the harmonised model. An IT solution would strongly assist the project. Conversely, some Member States did not envisage using multinational reporting, the number of potential respondents being too low to justify the costs of running two separate reporting schemes.
10. All in all, further work of the TGDR is considered essential. The TGDR has a considerable advantage in knowledge and expertise on how the different collection systems in the Member States work. It could be considered as the ideal forum for the exchange of experience and information, to facilitate the practical implementation of Member States' plans. Member States and Candidate Countries could learn from each other.

## **2. Synthesis: Written procedure on the recommendations of the Final Report of the Technical Group Direct Reporting**

### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those Member States which use currently a full ITRS system.

#### **What is the future role of bank settlements in your country?**

##### **(a) No use**

Only a few Member States declared that they would make no use at all of bank settlements information. A large majority of Member States will make use of some kind of bank settlement information as further specified under points 1(b) and 1 (c).

##### **(b) Business register updating purposes**

A large number of Member States intend to use bank settlements for business register updating purposes. Reports by banks of the settlement on behalf of companies will be used to compare the existing respondent population with the new respondents and to determine what could be the appropriate sampling frame in future collection systems. A simplified international payments (IP) database will be the prime candidate to cover the frame of the potential reporting population if or when ITRS will be dismantled. The level of detail has to be negotiated with the banking sector.

##### **(c) An important source for data collection and a complement to direct reporting procedures**

In some Member States and most accession countries bank settlements will remain an important source for data collection and will play an important role for compiling monthly data.

For these countries, bank settlements will play a role for several of or for the whole of BOP items. In this respect bank settlements data is considered to provide a first (and sometimes unique) data source. As regards complementing other items, e. g. direct reporting, settlement systems could be used to supplement direct reporting from big players and/or to give basic information in order to enable crosschecks with results derived from other data sources. The increasing complexity of international transactions on one side and the quality requests on the other side, emphasise its importance.

### **2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

#### **(a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?**

At present, in a wide majority of the Member States the means necessary to conduct a thorough analysis are available.

A common problem, however, is the measurement of transactions below the threshold as information about the individual company (transactor) can only be collected for transactions above the relevant threshold in force. Special attention is paid to main limitations, e. g. when enterprises involved can not be identified.

According to the present results of the investigations, other sources of information have to be taken in consideration. Most Member States use Central Business Registers, Corporation Tax Data from Revenue Authorities or VAT Registers to integrate basic indications on the representativeness of individual companies. In addition, confidentiality constraints hamper an analysis of individual respondents and their representativeness.

In some Member States a revision of the legal framework is under examination to sort out the legal impediments.

**(b) What is or what will be the database used for this exercise ?**

In most countries the current exercise was based on information from a settlement system database (banks on their own account and on behalf of their customers, and direct reporters when available). In some Member States registers used for different purposes, for instance an external trade data base and the VAT data base play a significant role. Information on trade in services from a filter question on the annual business survey is used in a few Member States. Furthermore, data from various professional associations representing e. g. pension funds, trusts, insurance companies, administrative sources, press articles, stock exchanges would also be particularly helpful in the context of gathering information.

### **3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS**

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

**(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP Register ? Are there other sources that you would consider relevant for this purpose?**

The results revealed that in the majority of countries all possible sources listed in the report were considered. Most important for many countries, are the existing registers from the bank settlements as the main source of information as starting point and a simplified international payments database for updating purposes.

**(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

A significant role in most Member States is to be played by a simplified international payments database. The IP database is a prime candidate because of its comprehensiveness in terms of covering the frame of the potential reporting population and the possibility of having frequent update with a limited time lag. The IP database will be used as a first level of information for updating a BOP Register. A critical issue is that in some Member States the use of an IP database has to be negotiated with the banking sector or is hampered by anonymity constraints. In one Member State it was decided in order to reduce the reporting burden of banks not to use such a simplified IP database.

**(c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?**

Most of the Member States reported that an unique ID number for companies is in use. Some countries indicate that a VAT code, a Chamber of Commerce Number, Central Bank ID number or other administration code were used as a main identification code. Some countries however do not have such a number for relevant internally and externally sourced data.

**(d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems?**

The answers with respect to the institutional access to a General Business Register differ widely among the countries. In some countries confidentiality constraint were the main barriers, and a specific national solution was needed. In these countries the national compilers don't have access to a General Business Register. The majority of answers seem to point out that a Commission's Regulation on BOP could overcome possible problems.

#### **4. THE ROLE OF « BIG PLAYERS »**

- The report favours as far as possible a full direct reporting from Big Players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « Big Players » reporting a maximum representativeness with a limited number of companies.

**(a) Do you agree with the opinion of the TG?**

In this respect the answers were consistent. The large majority of the Member States fully agrees with the opinion of the TG, some agree partially, whereas in some cases the problems are connected with identifying and selecting the Big Players. There are concerns in the selection of Big Players, to find the optimal balance between coverage and number of respondents (burden/costs). Due to the relatively high importance of SMEs in some Member States, the information retrieved from Big Players will not suffice, and other collection methods should be needed to complement or replace the big players information. In fact, future collection systems will most likely consist of different building blocks based on both direct and indirect reporting. These building blocks will vary over different economic sectors, different instruments and countries.

**(b) Considering the structure of the population of companies in your country,**

- **Are you able to select a representative group of Big Players?**
- **Reporting on a monthly basis?**
- **All their transactions?**

Member States which are able to select a representative group of big players are those whose population of companies is concentrated in a limited number of units most of foreign transactions.

A few of the Member States seems not to encounter major problems regarding the data to be asked from big players and the periodicity of data compilation.

However, one category of Member States explains that for services, only quarterly reporting will be taken into consideration..

**(c) What will be the practical criterion you will use to make the selection of « Big Players »?**

- **Cut-off?**
- **Threshold?**
- **Any other solution?**

In most of the Member States a cut-off is considered to be important. A cut-off is possible to carry out if sufficient BOP related frame data on the size of enterprises is available.

But in contrast, one Member State applied a threshold in its partial analysis to identify and select Big Players, based on the distribution of the population with reference to total turnover. Another Member State will probably apply a threshold for enterprises which are categorised as key firms in a BOP Register.

One country reported that currently neither a threshold nor a cut-off were used for the selection of Big Players, important economic agents being directly approached to become General Direct Reporting Companies.

In some countries where specific surveys are foreseen, e. g. for financial transactions and positions and/or services items, these could be typified as quasi-census.

- **Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.**

**(a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?**

In most of the countries, it is felt to be a difficult affair to incorporate the multinational procedures in the compilation process. Most Member States do not yet consider it is possible to integrate multinational reporting into the current system. The number of potential respondents would be too low to justify the high costs of running two separate reporting schemes. Another practical way has then to be found in order to process the information received from multinationals on the basis of the harmonised model. Arrangements would be necessary in order to prevent double counting. The timeliness of reporting and possible other aspects deserve serious attention before standardised reporting by multinationals could start. Also the draft report forms for multinationals, now being tested, need a further check before a platform for standardised reporting would be launched.

In one Member State the current formats could be adapted to or resemble the format of multinationals. Efforts to develop appropriate IT-procedures and checks are planned.

Current practice is that multinationals, as long as they provide a non-consolidated report, are treated as current General Direct Reporting Companies.

Improvements could be gained by using a common input format and a harmonised nomenclature. Data could be collected at Member States level (the level of the affiliates) or by the country with the resident mother company and then distributed to the various national BOP compilers where affiliates are domiciled.

**(b) What do you expect to be in the future the extent of multinationals reporting in your own country ?**

The majority of the Member States acknowledges the importance of multinationals. In particular, it corresponds to a legitimate demand of harmonization from a specific category of companies, and as it promotes an approach of the financial transactions reporting which is based on the reconciliation between flows and stocks.

An IT solution, provided by commercial software providers, would be most welcomed. These IT tools could facilitate and foster common multinational reporting.

In a number of cases it is expected that companies have to do IT investments in order to disclose information from their databases as not all data is readily available.

## **5. THE USE OF SURVEYS FOR BOP PURPOSES**

- **Some Member States will have recourse to surveys as a supplementary source to the reporting of « Big Players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in**

**the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.**

**(a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?**

The experience of the Member States shows that reporting geographical breakdowns will be cumbersome for respondents. Particularly for services and transfers high degrees of estimation and grossing up by the compiler will probably be necessary. High quality can hardly be expected in this area. The inclusion of the geographical dimension in the sampling techniques would be very difficult because it will expend the samples in such a way that it will not be manageable. An analysis of the geographical breakdown provided by the selected Big Players must be done, provided that the coverage and representativity of Big Players and the size of the complementary samples are large enough.

It is possible to derive information by applying a take-all stratum. One country explains that 80 – 90 % of the total value of for instance FDI or trade in services are collected by the take-all stratum procedure and that the geographical distribution is estimated by employing these data, using a grossing-up method. Another country indicated that a quasi-census approach enables it in principle to require complete geographic information from the respondents.

**(b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?**

- **For the current account**
- **For the financial account**

A majority of Member States claims that quarterly surveys seems reasonable, and on the basis of quarterly surveys estimations for monthly data for the current account should be done. Estimation techniques, modelling and the use of specific indicators can provide some basic information in order to respect the prescriptions concerning timeliness and geographical distribution.

Two answers indicated that monthly surveys for the financial account are envisaged for big players.

**(c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

Most Member States foster the use of VAT data, International Trade Register and external trade data, to isolate some characteristics of the enterprises at the import side. In one case the inclusion of a specific item dedicated to the import and export of services in the VAT forms could provide relevant information. In another Member State, negotiations with the VAT administration have been conducted in order to obtain a differentiation between goods and services.

Following these lines, a Member States has included in a business survey a supplementary question about the total import and export of goods and services for the major enterprises. Practically this helps to prevent compilers from organising huge benchmark surveys.

As stated above, bank settlements were one of the main sources of information for the BOP Register, depending on the negotiations with banks for those transactions below the threshold. Obviously the creation and maintenance of a relevant BOP Register is essential to tackle importing and even exporting companies when using surveys.

The starting point is to maintain a register combining different sources of information. In addition, the design of questionnaires which clearly specify the classification of services needed for the compiler, would be able to meet the requirements.

One Member State draws the conclusion that empirical usage of VAT-data has not been shown to be a suitable approach.

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

### **How do Member States envisage the future work of the TG ?**

#### **(a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**

Further work was supported by a large majority of the Member States. It is found that the TGDR has a considerable advantage in knowledge and expertise on how the different collection systems in the Member States work. Meetings with a low frequency with an emphasis on the exchange of experiences, information and data should be assigned to the TGDR.

The TGDR could serve as a forum where Member States could discuss the arising problems when changing the technical procedures on the collection systems and provide solutions and workable approaches. Moreover, Candidate Countries should participate in this forum and learn from the experience of the TGDR.

It is clear that there is a continuing need for a forum where experiences can be shared and advice obtained. Progress toward new collection systems ranges from those countries that already have established new procedures to those that are either just about to begin or have just begun. This means that lessons and issues will be emerging within each of the stages of introduction through to 2006 and possibly beyond. This doesn't mean that the group should stay in existence until the final country transfers, but simply that there will be a very busy period over the next 18 months or so, when the support and advice of the group will be extremely valuable.

Moreover, the TGDR should further work away with the multinational case and the feasibility of the monthly multinational common reporting project in the different reporting systems.

Nevertheless some Member States propose to end the work of the TG, because the mandate given by the CMFB has been fulfilled. For these countries, the exchange of experiences and information could be done in a different forum or via bilateral meetings.

#### **(b) Do you have any others suggestions ?**

It was recommended by one Member State to arrange seminars like the one arranged by the Irish CSO in Luxembourg October 2002, when progress in the implementation of the national actions plans is made and experience is gained.

As a starting point for further work one Member State favour that the TGDR could work away at the implementation of a common centralised Register for BOP compilation purposes.

It is also supported by one Member State that the TG could examine the further elaboration of the collection of information on the Euro as an invoicing currency, its feasibility and impact on BOP systems, and the impact on BOP systems of the Quarterly European Accounts by Institutional Sector project.

Finally, in the context of the upcoming regulation it could be reasonable to use future TGDR meetings to monitor the implementation and the feasibility of the required outputs. TGDR could provide necessary feedback to both the BOP WG and the Committee in charge of monitoring and amending the regulation.





### **3. Individual answers from Member States**

**AUSTRIA**

**BELGIUM**

**DENMARK**

**FINLAND**

**FRANCE**

**GERMANY**

**GREECE**

**IRELAND**

**ITALY**

**LUXEMBOURG**

**NETHERLANDS (Nederlandsche Bank and Centraal Bureau voor de Statistiek)**

**PORTUGAL**

**SPAIN**

**SWEDEN**

**UNITED KINGDOM**



EUROPEAN COMMISSION  
EUROSTAT

Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# AUSTRIA

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>

## TG DIRECT REPORTING

### **THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS AND CANDIDATE COUNTRIES ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

#### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

- (a) No use
- (b) Business register updating purposes
- (c) An important source for data collection and a complement to direct reporting procedures

a) No use

#### **2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

- (a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?

**The respective data are available from the existing settlement system. However, only for transactions above 50.000,- EUR information about the individual company (transactor) are collected. Due to legal restrictions, the available time series are limited to three years.**

**(b) What is or what will be the database used for this exercise ?**

**Data for quantitative analysis are currently stored in an Access-Database. However, this tool has proven to be hardly adequate for this purpose (data volume and performance). Improvement of the quantitative analysis would probably require a new implementation, which cannot yet be done before 2004 due to resource constraints.**

**3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS**

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

**(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register ? are there other sources that you would consider relevant for this purpose?**

**In 2004 a sub-project will be carried out to determine the future sources for updating the BOP register. In principle, all potential sources will be considered, particularly commercial data providers and administrative data sources (particularly tax information, if necessary legal basis to access these data can be created).**

**(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

**In order to reduce the reporting burden of banks it has been decided not to use such a simplified IP database.**

**(c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?**

**No such common identification exists across existing sources. Several identifiers are, however, widely used and will have to be stored and matched in our own register. The most important identifiers will be:**

- identifier of the General Business register ("Firmenbuchnummer"; only for non-listed but legally registered companies)
- VAT-identifier ("UID-nummer")
- identifier of the Austrian central bank ("OeNB-Identnummer"; partly used also by banks, insurance companies and the financial supervisory agency.

**(d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access ? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems ?**

**Several administrative data sources (i.e. tax data) are not yet available to the OeNB. Steps have been taken to get this access on the basis of national legislation. Similar legal provisions in the Commission's regulation on BOP/IIP would be very helpful but not essential.**

**4. THE ROLE OF « BIG PLAYERS »**

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.

**(a) Do you agree with the opinion of the TG ?**

**Partial agreement. High frequency reporting from "big players" is essential to get some**

coverage. However, due to the relatively high importance of SMEs in Austria's cross-border transactions it will not be sufficient, especially for the current account.

(b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players ?

- Reporting on a monthly basis ?
- All their transactions ?

No final decision has yet been made on the structure and frequency of reporting requirements. Further analysis will have to be carried out in the next 12 months. Some degree of monthly reporting for financial account purposes by important players will likely be the case in the new BOP collection system. However, for services and transfers only quarterly and/or annual reporting will be taken into consideration.

(c) What will be the practical criterion you will use to make the selection of « big players » ?

- Cut-off ?
- Threshold ?
- Any other solution ?

No decision has yet been made. Depending on the field of reporting (i.e. current account, various parts of the financial account) different criteria may be chosen. Both cut-offs (i.e. based on balance sheet totals) and thresholds (i.e. based on individual instruments) are currently under consideration. Depending on the field of reporting (current account, various financial instruments) different criteria may be chosen.

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

(a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?

We do not consider to integrate multinationals reporting in our system. The number of potential respondents would be too low to justify the high costs of running two separate reporting schemes. A test exercise with Austrian companies has shown, that - for the companies - the implementation of the multinational forms would be too costly, both, in initial costs and running costs.

(b) What do you expect to be in the future the extent of multinationals reporting in your own country ?

No reporting expected.

## 5. THE USE OF SURVEYS FOR BOP PURPOSES

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.

(a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?

Preliminary contacts with respondents and experts suggest that reporting geographical breakdowns at all will already be cumbersome for respondents. Particularly for services and transfers high degrees of estimation and grossing up by the compiler will probably be necessary. High quality can hardly be expected in this area.

(b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?

- For the current account

As mentioned above, no monthly data collection is envisaged for current account

**data (except for trade in goods). Estimation procedures (probably partly based on VAT-data) will have to be sufficient for monthly data.**

**- For the financial account**

**Monthly surveys are envisaged for “big players” either based on cut-off criteria related to the size of companies or based on high thresholds.**

- (c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys? Preliminary studies on the usage of VAT-data have been carried out, but it does not yet appear to be a promising way to solve the problem.**

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

**How do MS envisage the future work of the TG ?**

- (a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**

**TGD meetings with a low frequency (probably twice a year) with an emphasis on the state of play and the exchange of experiences may be useful.**

- (b) Do you have any others suggestions ?**

**In the context of the upcoming regulation it could be reasonable to use future TGD meetings to monitor the implementation and the feasibility of the required outputs. TGD could provide necessary feedback to both the BOP WG and the Committee in charge of monitoring and amending the regulation.**



EUROPEAN COMMISSION  
EUROSTAT

Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



07 March 2003

**BP/03/03**

**BALANCE OF PAYMENTS  
WORKING GROUP**

**BELGIUM**



## **DRAFT OF THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

**(a) No use**

**(b) Business register updating purposes:** *in the purpose to define tools for the update of the registers of potential respondents, we are exploring different solutions. Among these solutions we probably will explore the use of the report by banks of the total settlements by respondents without any further detail, at least on a yearly basis. This information after comparison with the existing respondents populations will allow to proceed to a first identification of supplementary/new respondents. This process should prevent us from organising a heavy benchmark survey on a regular basis. Nevertheless we may expect some draw-backs such as a lack of cooperation of the banks, an increase of the use of other channels of settlements than the domestic banks that will reduce the representativeness of the banks settlements, the mixity of current and financial transaction that prevent to isolate clearly the type of transactions concerned, the conformity with the EU cross-border Regulation that needs to be confirmed. The whole process will be negotiate with the banks.*

**(c) An important source for data collection and a complement to direct reporting procedures :** *the banks will still have to report information related to their own transactions and the portfolio transactions on behalf of their clients. In that prospect we will switch from reports based on settlements to reports based on transactions that should guarantee a better quality because the information would be seized immediately on the source with the operational units. The implementation of this change in the reference of the reports will be negotiate with the banks but a first contact appears to be positive.*

## 2. THE NEED FOR A QUANTITATIVE ANALYSIS

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.
  - (a) **Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population? we arrange the available information (on an individual basis) in order to proceed to the necessary quantitative analysis in order to define the frame of the population of respondents. Starting with the available data of the present settlements based data collection system as expected we did not succeed to finalise the exercise due to different factors a.o. the lack of representativity of the present system in terms of population of respondents that we believe to be understated. Therefore we took into consideration other sources of information. We also subdivided in subcategories regarding specific cases as transport services, construction, financial sectors.**
  - (b) **What is or what will be the database used for this exercise? : the data bases used are those of the settlements and of the present direct reporting for the years 1995-2001 (2002 is used but may not be considered as definitive). An overall threshold of 12500 euros was taken on board for the analysis. Further we also used the external trade data base and the VAT data base. We also used as a general reference the national enterprises data base used for national accounts and the nex register of enterprises under development.**

## 3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.
  - (a) **Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register? are there other sources that you would consider relevant for this purpose? : we intend to use a maximum of information in order to define the frame of the required populations of respondents. These frames will form the basis of a BOP register. In that prospect we started negotiations with the VAT administration aiming to proceed to an adjustment of their forms in order to distinguish goods and services imports/exports (an European approach in that field should be explored and welcomed). Also information coming from other administrative sources or professional associations may be used to supply the main sources for some specific sectors.**
  - (b) **Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies? If usefull and possible we will use IP database as a first level of information for updating the BOP register.**
  - (c) **The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country? the process of a single identification number is going on in the frame of an overall process of administrative simplification.**
  - (d) **Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems? : (i) considering the role of the Bank in the different economic statistics there would not be a major problem; nevertheless some legal adjustments may be necessary to sustain the procedures. (ii) if necessary we will indeed undertake all necessary steps to obtain the necessary accesses on the basis of bilateral agreements or legal texts. (iii) we would favour a situation where the European legislation would solve the problem of**

*exchange/use of data coming from other national administrative sources by the BOP compilers in the frame of making the BOP statistics.*

#### **4. THE ROLE OF « BIG PLAYERS »**

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.

**(a) Do you agree with the opinion of the TG ?** : *yes we agree with the opinion in so far the structure of the potential respondents allows to obtain such a combination between a low number of big respondents and a high degree of representativeness for the Bop statistics. The concern in the selection of the big players (can be defined at the level of one single enterprise or at the level of a group of related enterprises) is to find the optimal balance between coverage and number of respondents (and thus burden/costs); therefore the marginal value added of the supplementary respondents must be considered by priority. The population of big players considered for a full direct reporting system should in theory overlap the first stratum regrouping the major enterprises.*

**(b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players ?**

- **Reporting on a monthly basis ?** : *yes; the selection of big players will include part of the present direct reporting enterprises that are already use to report on a monthly basis for all their transactions..*
- **All their transactions ?** : *yes; the selection process of the big players aims to have the representative respondents for both the current account and the financial account (besides the sub-categories mentiones in answer 2a).*

**(c) What will be the practical criterion you will use to make the selection of « big players » ?**

- **Cut-off ?**; *a cut-off approach is used; considering the approach followed to distinguish different sub-categories of activity, we define in fact different sub-groups of major enterprises of which all will not be big players in the sens of the report. The selection of big players was done referring to the population of non financial enterprises active in the different components of the business services; the other services components being treated separately as already mentioned.(the populations selected here will overlap with some of the major respondents for the business services qualified as big -players). The selection was made using the present settlement data supplied by other information in order to get the necessary coverage (80 or 85% of the transactions of the non financial sector) in both the current account and the financial account. Also different combinations were needed in order to define the criteria to be used to proceed to the necessary update.*
  - **Threshold ?**
  - **Any other solution ?**

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

**(a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?** : *that aspect is not yet considered. Furthermore considering the present relative poor results of the tests, we believe it is very difficult to envisage any way to incorporate the multinational procedures in our analysis; to do so we would favour some strict agreements in order to prevent the BOP compilers facing disturbing effects linked to the use of the multinational reporting procedures : coordination, double counting, timeliness, population concerned, decision process... Besides that the inclusion of the*

*multinational reporting procedures will initiate supplementary costs for our BOP compilers if these procedures are different from the ones defined as useful and the most adequate at the national level.*

- (b) What do you expect to be in the future the extent of multinationals reporting in your own country ? : *to early to assess.*

## **5. THE USE OF SURVEYS FOR BOP PURPOSES**

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.

- (a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ? : *to include the geographical dimension in the sampling techniques appears to be very difficult because it will expend the samples in such a way that it will not be manageable. An analysis of the geographical breakdown provided by the selected big players must be done but we hope that the coverage will be representative enough so that the data provided by the big players combined with the results of the surveys will deliver a good quality in that field.*

- (b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?

- For the current account
- For the financial account: *for both the current account and the financial account we will investigate the way to estimate monthly data on the basis of existing quarterly surveys results; this will probably be more necessary for the financial account where the weight of the quarterly data collection procedures could be higher.*

- (c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys? : *The use of VAT data and external trade data allows us to isolate some characteristics of the enterprises at the import side. Since 2003 we have include in the business survey a supplementary question about the total import and export of goods and services for the major enterprises. Further we started a process of requiring from the VAT administration the inclusion of a specific item dedicated to the import and export of services in the VAT forms. The latter would prevent us from organising huge benchmark surveys.*

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

How do MS envisage the future work of the TG ?

- (a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices? : *the exchange of experiences and the assessment of best practices should be the priority. This process should include a detailed description of the different stages of the development of the new data collection systems : preliminary analysis of populations of respondents, definition of the tools to be used, statistical methods selected, quality analysis... The follow-up of the implementation of the national plans should be the task of the CMFB (assisted by the WGBOP)*
- (b) Do you have any others suggestions ?



EUROPEAN COMMISSION  
EUROSTAT

Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# Denmark

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>

## TG DIRECT REPORTING

### **THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS AND CANDIDATE COUNTRIES ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

#### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

- (a) No use
- (b) Business register updating purposes
- (c) An important source for data collection and a complement to direct reporting procedures

**No use of a full ITRS system, however, please see the answer to question 3 b, below**

#### **2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.
  - (a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?
  - (b) What is or what will be the database used for this exercise ?

**A thorough analysis is currently being conducted based on both settlement data and other available databases**

### 3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.
- (a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register? are there other sources that you would consider relevant for this purpose?
- (b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?
- (c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country?
- (d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems?

- A) We intend to investigate the possible value added of using different registers or combinations of different registers
- B) A simplified international payments database is a prime candidate because of its comprehensiveness in terms of covering the frame of the potential reporting population and the possibility of having frequent update with a limited time lag.
- C) A common identification number exist over different sources but mergers, sell-offs or new legal structures of companies can result in new numbers. It is therefore of great importance to keep track with company" demographics".
- D) We foresee no barriers

### 4. THE ROLE OF « BIG PLAYERS »

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.
- (a) Do you agree with the opinion of the TG?
- (b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players?
  - Reporting on a monthly basis?
  - All their transactions?
- (c) What will be the practical criterion you will use to make the selection of « big players »?
  - Cut-off?
  - Threshold?
  - Any other solution?
  -

Companies, which have large BOP transactions, are important in a survey based data collection system. These will have to report on a monthly basis. Whether it will be on as full reporters (all transactions) or partial will depend on the specific circumstance of a company. The practical criterion for selection of respondents, including what in the report is defined as big players, are not decided yet.

We approach the problem of selecting respondents from a statistical point of view with a strong emphasis on how to maintain the relevant reporting population. In this sense a well-designed

**sampling methodology (with population stratification and probability of inclusion increasing with a company's contribution to the sample variance would actually most likely result in a systematic inclusion of big players in the survey sample.**

**In the Danish setting – contrary to for instance the French setting - there are not legal or institutional difference between the potential reporting obligation for small and medium size companies versus big players.**

Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

- (a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?**
- (b) What do you expect to be in the future the extent of multinationals reporting in your own country ?**

**Multinational reporting forms - defined as a common EU reporting platform - will not be integrated in the new Danish reporting system. However, the Danish reporting forms will be similar to those currently being tested in the multinationals exercise.**

## **5. THE USE OF SURVEYS FOR BOP PURPOSES**

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.

- (a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?**
- (b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?**
  - For the current account
  - For the financial account
- (c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

**Our new system will primarily be based on surveys and there will be no differentiating along the lines of the reports definition of big players and small and medium size companies. However, the companies that are similar to big players will dominate the reporting population.**

**In the selection of the different samples it is probably difficult to control directly for geographical allocation of transactions, however that does not necessarily mean that the quality of the geographical dimension will be low. If, for instance, there is a high coverage for the instrument direct investment there are likely also a good coverage of the geographical dimension of direct investment.**

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

**How do MS envisage the future work of the TG ?**

- (a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**
- (b) Do you have any others suggestions ?**



**A) The future role of the TG could be a forum for exchanging ideas of new reporting system, update on national plans but B) also focus on some thematic issues and explores those more in details similar for instance to the Irish presentation on the January 2003 meeting of their administrative system for keeping track of the reporting population**



EUROPEAN COMMISSION  
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Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



07 March 2003  
**BP/03/03**

**BALANCE OF PAYMENTS  
WORKING GROUP**

**FINLAND**

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Jorma Hilpinen

24 April 2003

### **Written procedure on the report of the TG DRS**

**Bank of Finland** (responsible for financial account and investment income collection)

**1. Future role of bank settlements** - No role foreseen

**2. The need for quantitative analysis**

- a. For the BoP surveys in place in Finland, the empirical equivalents of the target populations, the frames have been studied in an appropriate way. Relevant statistics on the frames are reported in the quality reports and papers alike. (See for example: Statistics Finland: Internationalisation of enterprises, Foreign Trade in Services and Direct Investments, Enterprises 2002.5, Helsinki 2002 ; Jorma Hilpinen: Surveying Enterprise Sector in Fulfilment of the ECB BoP Statistics Requirements, Proceedings of the IFC Conference 2002 Basle, workshop C, in IFC Bulletin 14, Feb 2003.)

The survey maintenance system is in place including relevant ex ante and ex post quantitative analysis.

- b. Not relevant

**3. The use of BoP tailor made business registers**

- a. Statistics Finland is the responsible register authority supplying us with business register. Private balance sheet data bases are employed as well. Register data are sufficiently available including the frame data and feasible auxiliary variables [balance sheet information, turnover, number of employees, foreign ownership, consolidated enterprise register/list etc] for the BoP survey purposes. Targeted register maintenance is carried out by the Bank of Finland for the FDI purposes [news monitoring, mergers and acquisitions monitoring etc] in addition to the work done by Statistics Finland in this field. The Bank of Finland register data is used to update official registers but if resources were more ample more could be done. Even given resources of today, the current co-operation could be intensified and the role of both institutions could be made clearer.
- b. No need for international payments
- c. The uniform enterprise ID is in place
- d. No barriers exist

**4. The role of 'big players'**

- a. Agree only partly. The so-called 'full direct reporting' as a statistical procedure is conceptually so vague that I would not recommend it to be the core element of a system. In practise, the large enterprises are naturally the most important respondents and are involved in most surveys but this fact is rather the outcome of various frame studies than an assumption. Moreover, the report does not discuss the allocation procedures how to define these take-all strata statistically.
- b. (+c) The procedures are different in sample surveys and in cut-off collections. For the former, statistical algorithms are available. For the latter, for example to be employed in the BoP financial account high frequency surveys of limited size a measure of the over-all relative importance of a respondent can be

developed. The cumulative relative importance data are used in order to find the cut-off point. A threshold is inferior to this cumulative analysis because in macroeconomic statistics a certain overall coverage in totals and a sufficient coverage in details are striven for. Various reporting thresholds are relevant in the collection of the financial prudence data.

The composition of the survey family depends on the institutional and empirical structures of the economy; the reporting frequency as well as the lay-out of the forms are to be decided upon in a later stage of the survey process.

No well-founded ideas available for the multinationals exercise. Most likely most Finland-based multinational enterprises are our respondents in various surveys, especially in the FDI surveys. In the multinational exercise, the development of the forms started before frame studies were carried out in any country. This special collection if introduced should not violate the role of appropriate survey procedures and no irrelevant data should be collected. [If, for example a multinational daughter falls in the sampled stratum in a country and is not picked up in the probability sample, no reporting is needed. This can be the case in trade-in-services survey with large amount of enterprises in the sampled strata.]

## **5. BoP surveys and geography, high frequencies and stratification by activity**

### **a. Geography**

The approach that the geography is collected from the take all stratum only is appropriate and practical. Some 80 –90 per cent of the total value of ( the FDI, the trade in services etc) is collected by the take-all and thus it is a good practise to estimate the geographical distribution employing this data.

### **b. High frequency data**

Limited cutt-offs are currently employed in a number of countries both for the current account and for the financial account. In the current account (services) quarterly data are collected often using small selections and monthly data is estimated on the basis of this quarterly data. (Which is not a problem because of fairly calm time series).

### **c. Stratification**

It is a common practise in surveys like the ones for the foreign trade in services that the stratification is carried out by activities, both for exports and imports. The service items are listed in the form and the item totals are estimated with standard practises.

### **d. General**

The basic statistical rule is that the more you ask the less reliable the result is in a particular detail, given the survey costs. Working solutions to each problems above can be found in many countries.

6. The work of the TG as it is now should be stopped; the mandate given by the CMFB has been fulfilled. The future European co-operation in the building of BoP statistical systems would best be facilitated by bilateral contacts of countries in a similar development stage. These could be encouraged by seminars like the one arranged by the Irish ONS in Luxembourg last October. Also institutions like the IFC could give forum for more method oriented documentation of the systems design for financial statistics.



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Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



07 March 2003

**BP/03/03**

**BALANCE OF PAYMENTS  
WORKING GROUP**

**FRANCE**

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## TG DIRECT REPORTING

### **DRAFT OF THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

#### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

**(a) No use**

**(b) Business register updating purposes**

We intend to negotiate with the banks the use of settlements for business register purpose as it looks as the most accurate mean to spot the companies involved in international transactions. The level of the details (minimum the total transactions, or better the total services) and the periodicity of this information (minimum on a yearly basis) have to be negotiated with the banking sector.

**(c) An important source for data collection and a complement to direct reporting procedures**

Our position is not definitive, but bank settlements could continue to play an important role for the financial account compilation. It is of course the case for portfolio transactions, but possibly also for FDI and loans and deposits regarding SME's, all transactions which do not look easily liable to surveys.

## 2. THE NEED FOR A QUANTITATIVE ANALYSIS

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

**(a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?**

A thorough quantitative analysis has been conducted in France, using the bank settlements database for those settlements made on behalf of companies. This database has been used to define a new threshold to select the direct reporting companies. It is presently used to make all the analysis needed for the construction of the business BOP register, and to answer to the questionnaire on the exemption threshold.

This database gives the most extensive view of the companies making international transactions and their representativeness. The only restriction relates to the use of global reporting (and not individually identified reports) for some items of the balance of payments.

**(b) What is or what will be the database used for this exercise ?**

The database has lost part of its content when implementing the EUR 12 500 exemption threshold from January 2002. As it is written in the report, « without a settlements database, it will not be possible anymore to get a full picture of companies involved in cross-border transactions » and to conduct a quantitative analysis. We will be able to describe the content of the sample of companies reporting for BOP purpose, but it will be impossible in the future to compare directly the transactions of companies belonging to this sample to those of a reference population. If it was the case, we would not imagine the use of a survey !

The BOP register will be updated using intermediate variables, and we will not avoid the possibility of an over or an under coverage ; as a consequence it will not be possible anymore to measure the representativeness of a given population. In our opinion, the VAT register could be the only source allowing a counting of companies making international transactions.

## 3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

**(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register ? are there other sources that you would consider relevant for this purpose?**

We will explore the possibility to use all the sources listed in the report: we intend to get access (and to make all the necessary tests) to the general business register (SIRENE register), to the Customs trade register, to the VAT register. Access to fiscal data is being negotiated, as is the sharing of FDI and group data collected by BdF and Insee.

Other additional sources will be examined, such as data collected by the BdF itself for non-statistical purposes, data from the CCA (commission for insurance companies' control), or FDI data from the Treasury.

The existing registers derived from bank settlements data and partial and general direct reporting companies data are for the time being the main information source, and for the time being the most relevant one, but bank settlements will not be anymore a primary source for the compilation of the services transactions.

**(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

The use of a simplified international payment database will be favoured as an important mean to update business registers, but this possibility has to be negotiated with banks.

**(c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?**

The SIREN identification number (or other numbers that are derived from it, such as the intra VAT or the SIRET identification number for establishments) is used as the unique common key for all sources. This ID. number is an administrative one, attributed to the company by the time it is created and registered. This ID number will of course facilitate the comparability between the different sources to stratify and update the business register.

**(d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems ?**

(i) The close cooperation between Banque de France and INSEE through the National Council of Statistical Information (CNIS) will undoubtedly facilitate the access to the different possible sources.

(ii) We are in the process of concluding agreements with our potential partners to get access on a permanent basis to their data.

(iii) We will recourse to the Commission's regulation when facing possible problems of implementation.



#### 4. THE ROLE OF « BIG PLAYERS »

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.

##### (a) Do you agree with the opinion of the TG ?

We agree with the opinion of the TG. However, as far as the selection of respondents is concerned, the difference between a data collection system relying only on surveys and a system relying on full direct reporting by big players and complementary surveys for medium and small ones is purely formal. The flows measured by this data collection system being rather concentrated, a well-designed sampling methodology (with population stratification and probability of inclusion increasing with size) would actually result in a systematic inclusion of big players in the survey sample.

Hence, the only interest, which is not a negligible one, of differentiating both parts of the data collection system is the possibility of using different regulation backgrounds, the one applied to data collection on big players being stricter (administrative data collection), which will supposedly result in better data quality, whereas the one applied to the medium and small companies (purely statistical data collection) will be less strict.

We want also to stress that in our opinion, a strong advantage of a full direct reporting from big players is the creation of a permanent relationship between the company and the BOP compiler which improves the quality of the data.

##### (b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players ?

- Reporting on a monthly basis ?
- All their transactions ?

Selecting a representative group of big players does not seem to be an unrealistic task, as long as bank settlements data are available. However, the analysis of data underlined some volatility in the population generating the bulk of flows in the current and/or financial account. This results in some difficulty in the big players selection process: since the selection relies on data of the previous year(s), the representativity of the selected population will most likely be lower than expected.

Moreover, this implies that the big players population should be regularly updated (probably yearly). If banks settlements data are not available anymore, or are not complete enough, due to high exemption thresholds, BoP compilers will have to rely on external data sources for this purpose. There seems to be some relevant ones for the current account transactions, but the picture is somewhat different for financial account transactions. As a consequence it could militate for a perpetuation of a bank settlements system for those transactions relating to the financial account, at least for portfolio transactions which are already in France reported by banks on behalf of companies whether they are direct reporters or not.

**(c) What will be the practical criterion you will use to make the selection of « big players » ?**

- **Cut-off ?**
- **Threshold ?**
- **Any other solution ?**

A cut-off (systematic survey of the companies accounting for at least x% of the relevant flow) approach is possible only if the bulk of bank settlement data (or similar data) is available, and if the respondent population is determined by the BoP compilers themselves. Hence, the data have been used to determine a threshold that would ensure a population selection allowing the adequate coverage.

Furthermore, the French DDG-services data collection relies on compulsory reporting, under the conditions specified by the regulation. Since companies are to some extent supposed to be able to decide themselves whether they are (mostly in the case of newcomers) supposed to report or not, the selection has to be based on a criterion that firstly can be unambiguously described in a legislative text, and that secondly company representatives are able to check on their own. The choice of a threshold as the population selection tool was then straightforward.

The aim being to have a maximum coverage of transactions in services and investment income flows, the choice made by the Banque de France has been to apply the threshold on subsets of operations (groups of services or investment income), instead of aggregates or key items.

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

**(a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?**

There are two possibilities, depending on the organisation of multinational companies:

- either data are collected at MS level (the level of the affiliates), in which case the issue is merely one of harmonising nomenclatures and forms/EDI formats,
- either the information is centralised at the level of the mother company, and then dispatched to national BOP compilers. In that case the system should ensure:
  - that the level of consolidation in the data transmitted by the MNF is consistent with the needs to publish national BoP, *i.e.* that transactions between entities belonging to the firm and installed in different MS are not consolidated,
  - that the population involved is clearly identified, in order to avoid double accounting (at the time of data collection or of survey data extrapolation),
  - that the transmission of MNF data to national BoP compilers is consistent with national data publication schedules.

If these conditions are not met, MNF being bound to be in most cases big players, the calculation of national BoP will become thoroughly difficult (depending on the share of the participating MNF in the aggregate flows).

Whatever the case, and taking account of the fact that the implementation of the multinational model is not mandatory for the MNF, the cost of the compilation for BOP compilers could be very high, because it implies, as the collection forms are different and

the common input nomenclature does not apply to the whole collection system, a double compilation circuit and the need of an harmonisation process before fulfilling the output requirements.

The investment will only be profitable if a significant number of enterprises and groups find their own interest in the common reporting forms

**(b) What do you expect to be in the future the extent of multinationals reporting in your own country ?**

The multinationals reporting is an important project we keep track in France with a peculiar attention, as it corresponds to a legitimate demand of harmonization from a specific category of companies, and as it promotes an interesting approach of the financial transactions reporting which is based on the reconciliation between flows and stocks.

However it is difficult to assess today the extent of this kind of reporting, as far as it is not a mandatory one, and as long as an IT solution has not been found in order to extract, to process and to transmit the data to the BOP compiler, the latter consideration being a pre-condition.

## **5. THE USE OF SURVEYS FOR BOP PURPOSES**

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.

**(a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?**

It seems difficult to include in the register any data that would prove very useful for a sample stratification linked to geographical distribution of flows. One can hope that the existence of trade in goods with a geographical area or the existence of links with foreign companies (MN group or firm, FDI) could give an indication, but this is not bound to give good result.

Presumably, if the representativity of big players and the size of the complementary samples are large enough, the quality of geographical distribution will be reasonable, at least at the level of our main economic partners.

Going further, a double breakdown (geographical breakdown and breakdown by type of transaction) cannot be satisfied directly.

**(b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?**

- **For the current account**
- **For the financial account**

There are two practical solutions: (1) Implement quarterly surveys, divide by three, using some multidimensional time series econometrics to rebuild the infra-quarterly variations (finding a link with some relevant monthly business indexes). (2) Spend an awful lot of money without any guarantee of success.

**(c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

The comparison of VAT declarations and corporation tax declarations data could provide some rough indication on importing companies. Another possibility is to include some complementary question (filter question) on a general business survey run by Insee (EAE, yearly business survey). Otherwise, make large panel samples and pray.

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

**How do MS envisage the future work of the TG ?**

**(a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**

A follow-up of the implementation of national plans and the exchange of best practices has to be a priority of the future work of the TG. The enlargement of the TG to NSI's representatives has been a very good initiative as it permits on a thorough way, to deal with matters Central Banks statisticians are not usually familiar with (business registers, surveys...). This initiative has to be encouraged.

**(b) Do you have any others suggestions ?**

The report demonstrates that the architecture of the future collection systems depends on the information available on the companies' accounts. We need to have a clear vision of the concepts and accounting practices from the view point of the BOP compilation.

Further work could be done on that matter in cooperation with European bodies already in place, regarding in particular the possible contribution of IAS.



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Unit B-5: International trade in services, direct investments, balance of payments



07 March 2003

**BP/03/03**

**BALANCE OF PAYMENTS  
WORKING GROUP**

**-Germany**

## - General remarks

Germany is in a somewhat special position because of several reasons, which will have an impact on all aspects of the future reporting system: on the institutional aspect, on the possible use of settlements and/or surveys and on the time schedule.

- In the past Germany had always been classified as an open ITRS. But from the actual point of view and having in mind the discussion on definitions within the TG we would like to clarify our position: We have had a special type of direct reporting since the start of the existing reporting system in 1961, in which the transactors themselves were made responsible to report to the Central Bank. This includes the direct responsibility of companies to do so. The system is not symmetric insofar as we get single payments/transactions for outgoing payments via the banking system with the banks acting as Post Office and monthly aggregated reports directly from companies. The collection as well as the processing has so far not been comparable with the DDG's in France. But in the meantime we have made a further step into this direction: From January 2003 on the processing of information is done by companies instead of type of transaction – at least for the current account. This type of reporting has some advantages with regard to future developments:
  - We have a close contact to the companies since more than 40 years, which does not at all lead necessarily to a switch of responsibilities (for example because of legal reasons), as it seems to be the case in some other countries.
  - We can continue with the data collection even after an increase of the threshold in the Payments Regulation on the basis of special permits.
  - We can (and possibly) will have a delay in the introduction of surveys.
- A completely different aspect is related to the changes in the Bundesbank Law last year and its practical consequences for BoP-statistics. It has led to the creation of a so-called Service Center for Foreign Stocks and Transactions which will have to deal with all preparatory work and the final processing of “small companies”, whereas the treatment of “big companies” will remain with the BoP-Division. The distinction between big and small companies will have to be made on the basis of a quantitative analysis especially for the current account, but not only for that. This separation of work will be finished by the end of 2004. As a result of all necessary organisational steps the data collection of the next years will still be based on a census and decisions on surveys for small and medium sized companies may be delayed.

### 1. Future role of bank settlements

We agree that bank settlements will become more and more obsolete over time. Because of well known reasons settlements can not been taken any more in all cases as a good proxy for transactions and, in addition, there is a strong pressure from the European Banking Community to reduce any kind of statistical reporting to a large degree. Although this last aspect does not hold true for German banks in the same way than for banks in other countries, we have nonetheless increased the reporting threshold in 2001 (before the deadline of the Regulation), we have dropped the reporting of all import payments (export receipts had never been required), and we continue make arrangements with individual companies for special procedures of a monthly reporting, which does not involve banks any more. Insofar there is a strong tendency to reduce this type of reporting. But we will not withdraw it completely within a short period.

**a) No use**

In the short- and medium-term perspective we will still use settlements, in the longer run we may no longer make use of this type of data-collection.

**b) Business register updating**

We see the great advantage of having this possibility. But since we have never had the same type of information reported by banks than in other countries it seems to be not at all easy to “sell” this – new – idea to banks. Nonetheless we are still considering the possibilities.

**c) An important source for data collection and a compliment to direct reporting procedures**

As elaborated above this is not the direction of the intended changes to our reporting system.

**2. The need for a quantitative analysis**

There is no doubt that a quite detailed quantitative analysis is needed to decide about the features of a future reporting system. This analysis may lead – as we have seen within the TG – to different results and therefore different decisions. Germany has contributed to the first round of quantitative analyses quite early. In the actual round we have not been so active because of several reasons: In the past we did not attribute all individual transactions to specific companies. This has been changed with July 2001. On the other hand in January 2001 the threshold for reporting was increased to 12 500 Euro, which has led to some loss of information. In addition, the short-term financial account is derived from stocks and for those stocks we have in the case of companies a relatively high exemption threshold. Therefore we do not have any comparability over time. Nonetheless there are first results for the period between July 2001 and June 2002 for services on a relatively high aggregated national level. These analyses have to be continued in a more detailed way, in a first step to make the distinction between big and small companies as mentioned in the general remarks. Later on the distinction will have to be refined with regard to the question of possible samples.

**a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population?**

To some degree the situation is now better than some years ago, to some degree it is worse. We do not have the chance any more to make calculations for the “complete” population.

**b) What is or what will be the database used for this exercise?**

See the explanation above.

**3. The use of BoP tailor made business register**

**a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country’s BoP register? Are there other sources that you would consider relevant for this purpose?**

Yes, we will explore all these sources, but with some kind of priorities. The first step will be to consolidate our own register. So far it depends on different types of statistics and a different treatment in the region.

**b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

As explained in the context of the general remarks and a bit more detailed under point 1 we would like to make use of such a system, but we are not at all sure if that would be possible, taking into consideration the actual reporting requirements.

**c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your country?**

So far a common identification number has not existed in Germany. But it is under serious discussion and would be a very useful tool.

**d) Do you expect any barriers to access to sources (such as the General Business Register ...)? If your answer is yes, are you ready to take all the measures to get access? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems?**

For the time being we do not have access to the General Business Register. We intend to overcome these obstacles. So far we are not sure that the Regulation will solve all problems. We expect that specific national legislation will be needed.

#### **4. The role of "big players"**

**a) Do you agree with the opinion of the TG?**

We completely agree with the opinion of the TG. It is in line with our own ideas about our future reporting system. As we said above (see general remarks) we may continue with a census of all companies for a longer time as other countries, but the basic intention is to find out how many (and which) companies are needed to produce a high level of information on a monthly basis. What could become difficult is to explain to companies why they belong to such a group.

**b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players?**

- **Reporting on a monthly basis?**
- **All their transactions?**

From the results of the latest quantitative analysis we have seen that there will be a possibility to ask a fairly limited number of companies for all their transactions on a monthly basis.

**c) What will be the practical criterion you will use to make the selection of big players?**

- **Cut-off?**
- **Threshold?**
- **Any other solution?**

Since we have different data sources the decision may be different. To some degree we even now make use of cut-off surveys and cannot go back beyond this solution. For reasons of defining a population on legal terms we are not yet developed concrete plans.

Concerning the multinational approach we see on the one hand, that there is an understandable wish to agree on uniform European reporting forms. On the other hand we still have the opinion that the actual version of the proposed forms is too complicated and nonetheless not detailed enough to be in line



with some European recommendations. To make them really workable even more intensive work would be needed, but it seems to be very difficult to make them easily “consumable”.

**a) Have you any idea on the way to integrate multinationals reporting in your general collection system?**

The multinational report forms do not fit at all into our own reporting system. We would not like to repeat all details we have made available to the members of this group some time ago concerning the difficulties to deal with two not really consistent data sources for the daily production. Only a few aspects should be mentioned: The approach is different from our own one, but although our own forms are in most cases much simpler, we would nonetheless not get all information we need. To some degree this depends on concepts (FDI) or on a different way to collect information (Portfolio investment). We cannot imagine to drop information in general (- this would be the result of not collecting it from the big companies -) which has been very useful since some decades and is in the pipeline for Europe (mainly FDI). On the other hand we do not ask our clients for some details, which are required in the reporting forms, but calculate them ourselves.

**b) What do you expect to be in the future the extent of multinationals reporting in your own country?**

As it was said above, some companies might be interested in a common European set of reporting forms, but since the developed set of forms is so different from our quite “simple” one, it would cause a lot of changes. The cost of changing to new reporting forms could well outweigh the possible savings from a common European approach for the enterprises. As we would not be able to impose the common forms for multinationals to all respondents, we would have to cope with two very different sets of reporting forms in the compilation of data. This would complicate our task considerably. Therefore, unless there is a strong wish from international companies to use these forms and we can find a workable solution for integrating them into our system, we cannot envisage using these forms in the near future.

## **5. The use of surveys for BoP purposes**

**a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BoP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs?**

We are so far not experienced enough to answer this question in detail. But since we have just now published the first results of our household survey for the travel account, we have got an idea of the difficulties which may arise in future with regard to a geographical breakdown of services, when we should start to make surveys for the small and medium-sized companies.

**b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs?**

- **For the current account?**
- **For the financial account?**

Here we would like to make a split between the current account and the financial account. For the time being we only think about surveys in the field of the current account. And in this area it does not seem to be too difficult to make for example ARIMA-estimates or to gross up the information of the core companies of the DDG's to get monthly figures. But for the financial account the situation is completely different. On the one side the concentration is high enough for a cut-off survey to be sufficient. On the other hand the volatility of financial flows is too high to be covered by any other type of survey.

- c) One can find a close link between the activity of companies and the nature of their exports of services; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

We are quite aware of this problem because it is relevant for our country. But we still need to find the proper size of companies for the import of services.

**6. Future orientation of the work of the TG**

- a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**

Concerning the future work of the TG we think that the past has shown how important it is to have the possibility to exchange experiences and to learn from each other, even if the circumstances in the countries are so much different that a common approach can only be reached on a quite general level. We therefore see the future role for the TG mainly in the exchange of experience.

- b) Do you have any other suggestion?**



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07 March 2003

**BP/03/03**

**BALANCE OF PAYMENTS  
WORKING GROUP**

**GREECE.**

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## TG DIRECT REPORTING

### **DRAFT OF THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

#### GREECE

##### 1. FUTURE ROLE OF BANK SETTLEMENTS

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

- (a) No use
- (b) Business register updating purposes
- (c) An important source for data collection and a complement to direct reporting procedures

#### Answer

- (b) : Yes
- (c) : Yes

##### 2. THE NEED FOR A QUANTITATIVE ANALYSIS

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.
  - (a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?
  - (b) What is or what will be the database used for this exercise ?

**Answer**

**(a) Yes**

**(b) The settlements database, and  
-the registers used for specific purposes by the various departments of the Bank of Greece and other associations.**

**3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS**

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

**(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register? are there other sources that you would consider relevant for this purpose?**

**(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

**(c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country?**

**(d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems?**

**Answer**

**(a) Yes, almost all of them**

**(b) Yes, if necessary**

**(c) Not yet, but we are in the process of applying it.**

**(c) No, we do not expect any barriers.**

**We think that the Commission's regulation on BOP/IIP will facilitate in solving possible problems.**

**4. THE ROLE OF « BIG PLAYERS »**

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.

**(a) Do you agree with the opinion of the TG?**

**(b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players?**

- **Reporting on a monthly basis?**

- **All their transactions?**

**(c) What will be the practical criterion you will use to make the selection of « big players »?**

• **Cut-off?**

• **Threshold?**

• **Any other solution?**

**Answer**

**(a) Yes, in principle**

**(b) -Yes, in principle**

**-Yes, in principle**

### **(c) Cut-off or Threshold**

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.
  - (a) **Have you any idea on the way to integrate multinationals reporting in your general collection system ?**
  - (b) **What do you expect to be in the future the extent of multinationals reporting in your own country ?**

### **Answer**

- (a) **If using a common format and a harmonised nomenclature, the BOP data could be collected by the country with the mother company and then distributed to the various national BOP compilers with the affiliates.**
- (b) **Monthly direct reporting on all international transactions.**

### **5. THE USE OF SURVEYS FOR BOP PURPOSES**

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.
  - (a) **As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?**
  - (b) **What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?**
    - **For the current account**
    - **For the financial account**
  - (c) **One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

### **Answer**

- (a) **As the number of "big players" is not large in our country we will not have to recourse to surveys.**
- (b) **If there are needed, run quarterly surveys and then estimate the monthly, both for the current and the financial account.**
- (c) **By using the National Statistical Service's data, as well as any information available, such as from their associations, press reports and others.**

### **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

**How do MS envisage the future work of the TG ?**

- (a) **For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**
- (b) **Do you have any others suggestions ?**

### **Answer**

**As a follow-up of the implementation of national plans and exchange of experience.**



EUROPEAN COMMISSION  
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Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# Ireland

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>

## TG DIRECT REPORTING

### **THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS AND CANDIDATE COUNTRIES ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

#### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

- (a) No use
- (b) Business register updating purposes :

**Todate the Central Statistics Office (CSO) has not used bank settlements data for any purpose in its balance of payments (BOP) compilation system. However, some initial arrangements have been made with banks to obtain data for business register purposes. So far there have been no other developments in this area.**

- (c) An important source for data collection and a complement to direct reporting (of big players)

#### **2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

- (a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?



We use the CSO's central business register (CBR), the BOP register and corporation tax data from the Revenue Authorities to provide the information necessary to select and monitor an appropriate sample for BOP purposes.

In the case of BOP relevant financial enterprises we aim at 100% coverage. In the case of manufacturing and non-financial service enterprises we have 100% coverage of the very large multinational corporations and a proportion of the others. We are moving towards a stratified sample approach for the latter.

(b) What is or what will be the database used for this exercise ?

See (a). The central business register, the BOP register, corporation tax data and the CSO's industrial statistics databases.

### 3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register ? are there other sources that you would consider relevant for this purpose?

(i) Yes. (ii) The CSO also uses company registration office data as well as corporation tax data.

(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?

No. The CSO uses direct surveys.

(c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?

Yes, partly for internally sourced CSO data. We are initiating projects to include a common reference number on all relevant internally and externally sourced data.

(d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access ? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems ?

This is not relevant as the CSO is both the BOP compiler as well as the holder of the relevant registers.

### 4. THE ROLE OF « BIG PLAYERS »

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.

**(a) Do you agree with the opinion of the TG ?**

**Yes, in principle. But the feasibility of this will depend largely on the success of the common monthly multinational corporation reporting project.**

**(b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players ?**  
- Reporting on a monthly basis ?

**Yes, in principle.**

- All their transactions ?

**This will depend on the outcome of the common multinational corporation reporting project.**

**(c) What will be the practical criterion you will use to make the selection of « big players » ?**  
• Cut-off ?  
• Threshold ?  
• Any other solution ?

**Probably a threshold (that is those enterprises categorised as key firms in our BOP register).**

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

**(a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?**

**As our system is survey based multinational corporations are already incorporated on a quarterly basis in our reporting system.**

**(b) What could be in the future the extent of multinationals reporting in your own country ?**

**The relevant multinational corporations will continue to report quarterly. Our intention would be to include the key firms on a monthly basis depending on the feasibility of introducing a common format for monthly reporting by multinational corporations.**

## **5. THE USE OF SURVEYS FOR BOP PURPOSES**

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.

**(a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?**

**The CSO's BOP surveys request stock and transactions data broken down by individual country of counterpart. WE know from our contact with survey respondents that they have had great difficulty in extracting the country details from their records, particularly at set-**

up stage. Most companies do not regard geographical detail as a primary requirement for their own purposes. Therefore, despite clear instructions the data providers do not always adhere to the correct geographic allocation principles.

(b) What is your opinion on the use of surveys for fulfilling monthly needs ?

- For the current account

-

They pose a severe burden on data providers and may not produce the high quality results demanded. Most companies do not produce the information required for BOP purposes on a monthly basis. Given that the extraction of such data is very difficult and has severe implications for timeliness, greater reliance on estimation approaches will be needed.

- For the financial account

See above on current account.

(c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?

The CSO uses the central business register to identify those enterprises which have any transactions with non-residents. The BOP Division then follows up these enterprises with its BOP Inquiry Form to establish their relevance for particular CSO surveys.

## 6 - FUTURE ORIENTATION OF THE WORK OF THE TG

How do MS envisage the future work of the TG ?

(a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?

Yes, including monitoring the practical aspects of the implementation of the monthly multinational common reporting project.

(b) Do you have any others suggestions ?

No.



**U/C**  
EUROPEAN COMMISSION  
EUROSTAT

Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# ITALY

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>

**ANSWERS TO THE WRITTEN PROCEDURE ON THE REPORT OF THE TG  
« DIRECT REPORTING »**

**1. FUTURE ROLE OF BANK SETTLEMENTS**

**What is the future role of bank settlements in your country?**

An important source for data collection and a complement to direct reporting procedures. The Italian CVS system is anyway a sort of Direct Reporting.

**2. THE NEED FOR A QUANTITATIVE ANALYSIS**

**(a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population?**

For the time being, the confidentiality constraints do not allow a thorough analysis of individual respondents and, consequently, of their representativeness. However, a revision of the section of the statistical legal framework concerning confidentiality is currently under examination.

**(b) What is or what will be the database used for this exercise?**

The partial quantitative analysis conducted on BoP monthly data has taken into account the ITRS and the results of the annual survey on FDI stock data. In case the confidentiality constraints are removed, a deeper analysis on individual data would be conducted.

**3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS**

**(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register? Are there other sources that you would consider relevant for this purpose?**

Obviously, we intend to take into account all possible sources in the creation of a business register for BoP purposes. However, the confidentiality constraints prevent us to use, at the moment, all the sources listed in the report (e.g. NSI business register).

**(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

Yes, even though, at present, the anonymity constraint does not allow to link the information on the company to the transaction performed.

**(c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country?**

The VAT code is used as the main identification code even though different identification codes could be used in different databases.

**(d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems?**

The confidentiality constraint represents the main barrier to access to statistical data sources. A recommendation regarding the removal of anonymity constraints would help in solving the problem at national level.

#### **4. THE ROLE OF « BIG PLAYERS »**

**(a) Do you agree with the opinion of the TG?**

Whenever a concentration of the population exists, the direct reporting from « big players » should be favoured.

**(b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players?**

- **Reporting on a monthly basis?**
- **All their transactions?**

The confidentiality problems prevent us from conducting a thorough analysis on this subject but, on the basis of a very preliminary analysis, efficient reporting from “big players” seems to be not consistent with the large number of the Italian reporting population.

**(c) What will be the practical criterion you will use to make the selection of « big players »?**

- **Cut-off?**
- **Threshold?**
- **Any other solution?**

In our partial analysis, the practical criterion used to make the selection of « big players » is a threshold based on the distribution of the population with reference to total turnover.

- **MULTINATIONALS**

**(a) Have you any idea on the way to integrate multinationals reporting in your general collection system?**

The integration between ITRS (our general collection system, at present) and multinational reporting could cause problems of double counting. Banks should be able to identify or exclude those transactions performed by those companies that use multinational reporting.

**(b) What do you expect to be in the future the extent of multinationals reporting in your own country?**

The prerequisite to the adoption of the multinational reporting is a vested interest of companies to transmit BoP data on a centralised basis by means of these forms instead of the use of the current system. Not all multinationals, in fact, seem to have centralised standard accounting. This interest should be checked carefully among multinational enterprises before taking any decision.

#### **5. THE USE OF SURVEYS FOR BOP PURPOSES**

**(a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs?**

No. In fact, the use of sample surveys in the BoP compilation would facilitate, to some extent, the data collection but, on the other hand, it would not allow to guarantee an high level of quality for numerous details. Data collected through surveys could be significant at the EU aggregate level but not always at the national level.

**(b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs?**

- **For the current account**
- **For the financial account**

As regards the financial account, the use of sample surveys to fulfil monthly needs has to be avoided because of the impossibility to produce timely and thorough statistics.

With reference to current account, estimation procedures for time series should be used.

In both cases, obviously, only aggregated data would have statistical meaning.

- (c) **One can find a close link between the activity of companies and the nature of their exports of services; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

Long iterative processes.

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

**How do MS envisage the future work of the TG?**

- (a) **For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**

A follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices could be recommended.

- (b) **Do you have any others suggestions?**

Implementation of a common centralised Register for BoP compilation purposes.



EUROPEAN COMMISSION  
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Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# LUXEMBOURG

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>



## TG DIRECT REPORTING

### **THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS AND CANDIDATE COUNTRIES ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

#### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

- (a) No use
- (b) Business register updating purposes
- (c) An important source for data collection and a complement to direct reporting procedures

**LUXEMBOURG : Answer (c) – ITRS is intended to complement other data sources (i.e. direct reporting) and to give basic information in order to enable crosschecks with results derived from other data sources.**

**In our « four pillar system » ITRS is for several items of the current as well of the financial account a first (and sometimes unique) data source. For other items, it will be an important complementary source in order to check data. This second aspect will even remain (get) more important in the future given the increasing complexity of international transactions on one side and the quality requests on the other side.**

#### **2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

- (a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?
- (b) What is or what will be the database used for this exercise ?

**LUXEMBOURG :** For most of the items ITRS and VAT-register provide basic indications on the representativeness of individual companies.

### **3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS**

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.
  - (a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register ? are there other sources that you would consider relevant for this purpose?
    - (b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?
    - (c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?
    - (d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access ? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems ?

**LUXEMBOURG :** The ITRS will also be in future the main information source in order to determine the relevant BOP population. It will be complemented by other sources e. g. VAT and the general business register.

### **4. THE ROLE OF « BIG PLAYERS »**

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.
  - (a) Do you agree with the opinion of the TG ?
  - (b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players ?
    - Reporting on a monthly basis ?
    - All their transactions ?
  - (c) What will be the practical criterion you will use to make the selection of « big players » ?
    - Cut-off ?
    - Threshold ?
    - Any other solution ?

**LUXEMBOURG :** The representativeness of the individual companies in the different BOP items (derived from the ITRS) will be the practical criterion to select the «big players» who should report all their transactions on a monthly basis.

**However the important number of enterprises concerned and the great volatility of transactors and transactions make it very difficult to select relevant « big players », especially on the debit side.**

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.
  - (a) **Have you any idea on the way to integrate multinationals reporting in your general collection system ?**
  - (b) **What do you expect to be in the future the extent of multinationals reporting in your own country ?**

**LUXEMBOURG : Relevant multinationals should be considered as full direct reporters with a complete BOP reporting on a monthly basis. For the time being it is premature to conclude on other aspects of the « multinational reporting »**

## **5. THE USE OF SURVEYS FOR BOP PURPOSES**

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.
  - (a) **As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?**
  - (b) **What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?**
    - **For the current account**
    - **For the financial account**
  - (c) **One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

**LUXEMBOURG : The use of surveys will be limited to some specific BOP components i.e. «travel», «trade credits» etc. For those cases estimates, modelling and the use of specific indicators can provide some basic information in order to respect the prescriptions concerning timeliness and geographical distribution.**

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

**How do MS envisage the future work of the TG ?**

- (a) **For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**
- (b) **Do you have any others suggestions ?**

**LUXEMBOURG : Circulation of information, sharing of experiences and exchange of data could be realised through the TG.**



EUROPEAN COMMISSION  
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Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# The Netherlands

– Reply by the Centraal Bureau voor de Statistiek (Statistics Netherlands)  
concerning services

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>

**THE WRITTEN PROCEDURE ON THE REPORT OF THE TG  
« DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS AND CANDIDATE COUNTRIES ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

**1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

(a) No use

(b) **Business register updating purposes**

**Implementation in 2004 of an IP database as a simplified settlements database for population delineation and auxiliary editing purposes.**

**See also paragraph 1.2.2 of the TGDR report.**

(c) **An important source for data collection and a complement to direct reporting procedures**

**2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

(a) **Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?**

**Yes. A quantitative analysis covering the services account was conducted recently by Statistics Netherlands.**

(b) **What is or what will be the database used for this exercise ?**

**This exercise was based on information from the settlement system maintained by De Nederlandsche Bank. In the future the IP database will be used for necessary updates.**

### 3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

**(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register ? are there other sources that you would consider relevant for this purpose?**

**Statistics Netherlands uses all sources listed in the report for the delineation of its international services population.**

**(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

**Yes.**

**(c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?**

**No, not yet. But the Chamber of Commerce number is a key in the General Business Register of Statistics Netherlands.**

**(d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access ? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems ?**

**We do not expect problems to access such sources. For the use of IP-tapes there are legal arrangements being made at the moment in the Netherlands.**

### 4. THE ROLE OF « BIG PLAYERS »

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.

**(a) Do you agree with the opinion of the TG**

**Yes. The data from De Nederlandsche Bank showed that a limited number of large enterprise groups are responsible for a large share of the international trade in services, which means that by monitoring a small number of enterprises about 40% of the necessary information can be obtained.**

**In practice there were about 130 large enterprise groups selected.**

**(b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players ?**

- **Reporting on a monthly basis ?**

**No.**

- **All their transactions ?**

**Yes.**

**(c) What will be the practical criterion you will use to make the selection of « big players » ?**

- **Cut-off ?**
- **Threshold ?**
- **Any other solution ?**

**Statistics Netherlands has chosen for a Top 130 approach. This was a pragmatic choice related to the available capacity for giving companies enough support.**

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

**(a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?**

**We do not expect problems. Multinationals should be added to the big players and removed from the sampling frame for the small and medium sized enterprises.**

**(b) What do you expect to be in the future the extent of multinationals reporting in your own country ?**

**As soon as a fully harmonised system applies to all EU-countries, we expect most multinationals to choose for this solution.**

## **5. THE USE OF SURVEYS FOR BOP PURPOSES**

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.

**(a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?**

**The geographical allocation is indeed a difficult aspect. We will use big players information as a reference for the SME's.**

**(b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?**

- For the current account

**For the services account we will use extrapolation methods.**

- For the financial account

**See the reply of De Nederlandsche Bank.**

**(c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

**We expect the IP-tapes to be a good basis for tackling importing companies.**

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

**How do MS envisage the future work of the TG ?**

**(a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**

**Yes.**

**(b) Do you have any others suggestions ?**

**The TG could also discuss classification problems on ITS.**



EUROPEAN COMMISSION  
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04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# The Netherlands

– Reply by the Nederlandsche Bank

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>



## TG DIRECT REPORTING

### **THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS AND CANDIDATE COUNTRIES ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

**REPLY BY THE NEDERLANDSCHE BANK (sole focus on foreign financial assets/liabilities and related investment income ; Statistics Netherlands will send replies with focus on international trade in services (as well as on merchandise where applicable). As known, under the new system, started recently (April 1, 2003), there is a division of responsibilities between NCB and NSI in the Netherlands regarding the collection of source data.**

#### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

- (a) No use
- (b) Business register updating purposes
- (c) An important source for data collection and a complement to direct reporting procedures

**Reply :**

**Option b (see for more information also annex 3 of the TG DR report).**

#### **2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

- (a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?
- (b) What is or what will be the database used for this exercise ?

**Reply :**

Given the fact that the new direct reporting/survey system has been implemented in the Netherlands, quantitative analysis on the population of potential respondents has already been done in the recent past, both for services (see reply Statistucs Netherlands) and for the financial account including investment income (Nederlandsche Bank). With regard to foreign financial assets and liabilities (both flows and positions), it has of course been decided some time ago how to survey. New system has been launched April 1, 2003.

For the quantitative population analysis, information from the 'old' settlements system for a number of years in the recent past has been used in order to set up the register for a start. In order to keep control on representativeness and stability of the population of respondents, the following will be done :

- (i) the press and other information sources such as company annual reports are used (for especailly direct investment) ;
- (ii) administrative sources like supervisory databases are checked (MFIs, investment funds, insurance companies, pension funds, special purpose entities) ;
- (iii) use of results of a benchmark survey to be held from time to time among SMEs not obliged to report monthly to the central bank ;
- (iv) use of the outcome of a regular population survey of Statistics Netherlands among Dutch enterprises having a balance sheet total of over euro 11 million related to a regular business survey, plus possible knowledge coming from colleagues of National Accounts. See further also what is said under the chapter of business registers where a reference is made to annex 3 of the TG DR report regarding the Netherlands.

### **3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS**

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

- (a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register ? are there other sources that you would consider relevant for this purpose?
- (b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?
- (c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?
- (d) Do you expect any barriers to access to sources (such as the General Business Register...) ? If your answer is yes, are you ready to take all the measures to get this access ? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems ?

**Replies :**

**Ad. a) :** See annex 3 of the TG DR report where the sources of maintenance of the BOP register for financial transactions/positions have been mentioned. That list of sources is still valid.

**Ad.b) : The use of simplified settlements information is part of list of sources mentioned under a. The role of the simplified international payments source is more prominent for the register for trade in services (Statistics Netherlands) than for the financial transactions/positions and other BOP components (here especially check on completeness of population of major respondents for foreign financial assets/liabilities and further relating to embassies and international institutions located in the Netherlands)**

**Ad.c) : There is no system of common company identification numbers in the Netherlands. We work with an id number developed/issued by the Nederlandsche Bank for BOP reporting purposes. We also ask for the Chamber of Commerce number, which is a key in the General Business Register of Statistics Netherlands.**

**Ad.d) : No, we do not expect any barriers to get access to sources such as the General Business Register at Statistics Netherlands. We have access. The legal framework has been revised in the Netherlands in order to be able to exchange information for statistical purposes between Nederlandsche Bank and Statistics Netherlands.**

#### **4. THE ROLE OF « BIG PLAYERS »**

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.

**(a) Do you agree with the opinion of the TG ?**

**(b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players ?**

- Reporting on a monthly basis ?
- All their transactions ?

**(c) What will be the practical criterion you will use to make the selection of « big players » ?**

- Cut-off ?
- Threshold ?
- Any other solution ?

**Replies :**

**Ad.a) : Yes, we agree with the opinion mentioned above.**

**Ad.b) : We have done our selection, as said, already some time ago. All relevant players for the financial account have been selected (see for services the reply of Statistics Netherlands). All players have been selected, which together guarantee a coverage to the relevant BOP component of at least 95 %. All these respondents have to report on a monthly basis. The respondents have to provide information for foreign financial assets and liabilities including related investment income (reconciliation of flows and stocks).**

**Ad.c) : In fact the approach chosen (see also under b) can be characterised as a cut-off one. Companies are selected until 95 % coverage is reached. In fact our approach of survey for the financial transactions and positions can be typified as quasi-census.**

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

- (a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?
- (b) What do you expect to be in the future the extent of multinationals reporting in your own country ?

Replies :

Ad.a) : Possibly the current Dutch format will be adapted to the format of the multinationals. The expectation is that in the end the differences between the current Dutch reporting model and the harmonised reporting model for multinationals are not too big. A tool is available enabling to carry out data entry of source information delivered on the basis of a divergent format. That tool has been used during the interim period in the recent past to do data entry into the 'old' system for deliveries already done on the basis of the new format.

Ad. b) : No exact idea at the moment, but it is to be expected that at least the large multinationals in the Netherlands will opt for the harmonised solution. The importance of the harmonised model may grow in the course of time.

## 5. THE USE OF SURVEYS FOR BOP PURPOSES

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.
- (a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?
- (b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?
  - For the current account
  - For the financial account
- (c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?

Replies :

Ad.a) : For foreign financial transactions/positions, as said above, we set up a quasi-census approach, which enables in principle to require complete geographic information from the respondent. However, the quality on countries with minor positions/flows can not be guaranteed.

Ad.b) :

- For the current account, we have monthly source data for merchandise, investment income and main part of transfers (estimated at 80 %). For services and other items such as remaining part of transfers, estimates will be made on the basis of a model or otherwise.
- For the financial account, source data are available.

Ad. c) : To be answered by Statistics Netherlands.

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

**How do MS envisage the future work of the TG ?**

- (a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**
- (b) Do you have any others suggestions ?**

**Replies :**

**Ad. a) : A follow-up of the implementation of national plans can also be handled by the BOP WG, helped by presentations by Member States concerned at the end of a BOP WG session. Then all Member States, including new members and remaining candidate countries, can benefit and can participate in the discussion. Further, countries can be invited to place on the website of Eurostat (Circa) descriptions of best practices for a learning experience by other Member States. That seems efficient.**

**Ad.b): We advise to dissolve the TG DR as the final report has now been delivered (final version to be sent to the CMFB in June). If some other need for investigation in the field of collection methods and related subjects may arise in future, a new (small) Task Force may be set up for a short time period to sort out the matter mandated to that Task Force. We think that such an approach guarantees a smooth way of working.**



EUROPEAN COMMISSION  
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Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# Portugal

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>

### **THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS AND CANDIDATE COUNTRIES ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

#### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

**(a) No use**

**(b) Business register updating purposes**

The bank settlements will remain an important source for register updating purposes.

The use of bank settlements below the threshold will be negotiated with the banks for business register updating purposes. So far there have been no developments in this field.

**(c) An important source for data collection and a complement to direct reporting procedures**

The Bank settlements will remain an important source for data collection and a complement to direct procedures for the compilation of monthly BOP statistics, for transactions above the threshold. For compilation of the Services Account, it is foreseen the launch of quarterly surveys that will be conducted by Instituto Nacional de Estadística (INE). The monthly data will be revised accordingly the results of the survey, but the bank settlements will be used as an indicator of quality and to refresh the register (besides its use to produce monthly estimates). For the Financial Account compilation, in particular, Foreign Direct Investment and Other Investment compilation, bank settlements will remain as one of the major sources of information.

#### **2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

**(a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?**

As the current account, in particular the international trade of services, will be especially affected by the implementation of the exemption thresholds among other reasons, a thorough quantitative analysis covering the Services Account has been conducted in Portugal, using the bank settlements and the existent Direct Reporting Companies database. These databases supported the analysis of the individual companies representativeness, their distribution and stability of population and will contribute to the construction of the BOP business register. It is envisaged an extension of the analysis to the Financial Account, namely to the Foreign Direct Investment and Other Investment.

**(b) What is or what will be the database used for this exercise ?**

The database used to conduct the quantitative analysis was based on the individual bank settlements including those settlements made on behalf of companies, and on individual data provided by Direct reporters (general and partial) until 2001 (given that in January 2002 the Eur 12 500 exemption threshold was introduced).

This database is the main source of information used to update the Portuguese BOP/IIP register constructed upon the registers of the file of juridical persons held by the Ministry of Justice. Additionally other sources of information are used like databases from other Banco de Portugal divisions, Administrative sources, Press articles and information from the Portuguese Stock Exchange.

In the future, it is envisaged the additional use of information gathered through some business surveys conducted by INE, namely by including a filter question in those surveys, to update the BOP/IIP register, at least within the international trade in services framework.

### **3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS**

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

**(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register ? are there other sources that you would consider relevant for this purpose?**

For the time being the main source of information is derived from bank settlements and Direct Reporters, but as explained in 2b), all the possibilities will be explored in order to maintain and update the Portuguese BOP/IIP register.

**(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

The bank settlements will remain one of the most important sources of information for transactions above the threshold.

For transactions below the threshold, which will affect in particular the services transactions, the use of the bank settlements information, although strongly favoured by Banco de Portugal, will have to be negotiated with banks. Whether it will be a simplified database or a more complete one regarding the services transactions, and its periodicity, will depend upon the banks cooperation.

**(c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?**

In Portugal there is a common identification number for companies (ID number), which is assigned by the Ministry of Justice when the company is registered, and it is also used for fiscal purposes. So it is a common number.



**(d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems?**

The Portuguese General Business Register is maintained by INE while the Banco de Portugal holds the current BOP database. Within the framework of services transactions, an agreement between both Institutions is under discussion in order to provide INE the conditions to design the frame for future surveys. In general terms, there is a close cooperation between Banco de Portugal and INE and whenever needed, some agreements are met between both Institutions.

The access to other registers, namely the VAT register, is more difficult to get.

However, there is a supra-institutional body, the National Council of Statistical Information, which facilitates the cooperation between the different Institutions represented.

The Commission's regulation on BOP/IIP could overcome possible problems.

#### **4. THE ROLE OF « BIG PLAYERS »**

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.

**(a) Do you agree with the opinion of the TG?**

Yes. We believe that the full direct reporting from big players enhances the process of production of monthly estimates, among other advantages like the creation of a stable relationship between the BOP compiler and the company.

However, in the Portuguese case where it is under discussion the transfer of the responsibility for collecting data on services transactions from the Banco de Portugal to the INE, the role of “big players”/full direct reporting will have to be reassessed in order to avoid overlaps and reduce the statistical burden for companies.

**(b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players?**

- **Reporting on a monthly basis?**
- **All their transactions?**

Yes, in general terms it is possible to select a representative group of big players, at least as long as bank settlements are available. However this task is a difficult one mainly within some activity sectors where the population is not concentrated and there is more volatility. In this later case, in particular in some services items, it is more difficult to select a representative group of big players and to approach them to report all their transactions and on a monthly basis.

**(c) What will be the practical criterion you will use to make the selection of « big players »?**

- **Cut-off?**
- **Threshold?**
- **Any other solution?**

In the current Portuguese system there are no threshold or cut-off for the selection of big players. Banco de Portugal, BOP division, approaches important economic agents (based on their “weight” in some or a specific BOP item) to become General Direct Reporting Companies. This would still be possible if bank settlements continue to be available.

Within the services framework where it is envisaged the launch of specific surveys, probably it will be used a threshold to identify the big players that will have to report (census) and then the rest of the population will be sampled (the survey methodology is not decided yet).

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

**(a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?**

In principle, yes. The multinationals, as long as they provide a not consolidated report, will be treated as the current Portuguese General Direct Reporting Companies: the banks will use a neutral code to identify those companies that will report directly to the Banco de Portugal, to avoid double accounting. Basically, it is a question of harmonising the input nomenclatures.

**(b) What do you expect to be in the future the extent of multinationals reporting in your own country ?**

It depends on the adhesion of the multinationals to this European harmonised reporting project and on their respective representativeness in Portugal.

The main Portuguese multinationals are Partial or even General Direct Reporters, which means that it is a question of adapting the current reporting system.

## **5. THE USE OF SURVEYS FOR BOP PURPOSES**

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.

**(a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?**

In the current system, both flows and stocks are broken down by country of counterpart. Within the services framework where it is envisaged the implementation of a survey it is recognised that the geographical allocation can not be assumed as a stratification variable, but although the survey's design is not decided yet, it is planned to request the country of counterpart of the transaction. It is also planned to launch a pilot survey and to approach some companies in order to assess the feasibility of the survey namely the geographical detail according to the BOP allocation principles.

**(b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?**

- **For the current account**
- **For the financial account**

The implementation of monthly surveys would be very burdensome both for companies and the BOP compiler, without guaranties of timeliness and quality.

One possibility is to find some econometric solutions to apply to the results of quarterly surveys or to reconcile these results with those estimated monthly based on some indicators like bank settlements or the report of big players. In any case, the use of surveys will imply a greater use of estimation techniques.

**(c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

It is intended to keep the bank settlements as one of the main sources of information for the BOP register (depending on the negotiations with banks for those transactions below the threshold). Furthermore, it is envisaged the additional use of information gathered through some business

surveys conducted by INE, namely by including a filter question in those surveys. Another possibility is to access the International Trade register.

The creation and maintenance of a good BOP register is essential to tackle importing (and even exporting) companies when using surveys.

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

**How do MS envisage the future work of the TG ?**

**(a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**

Yes. Due to the fact that countries are in different stages of implementation of their national plans we think that the exchange of experiences is essential and very profitable, in particular for those who intend to move to a direct/survey reporting system and have no experience in these fields. The contributions from those countries that moved recently from bank settlements to surveys, and accordingly, from Central Banks to NSIs, are welcomed. Furthermore, it would be very useful the highlight of experiences from those countries that have implemented surveys as the only source for BOP, some years ago, namely in their use for fulfilling monthly needs.

It is also the ideal forum to keep the “BOP compilers” informed about the multinational project and the future needs of combine it with the systems that are being implemented.

**(b) Do you have any others suggestions ?**

Within the BOP systems reformulation framework, some issues could be tackled by the TG, like:

- the recent request by ECB of collecting information on the euro as an invoicing currency, and its feasibility and impact on BOP systems,
- the impact on BOP systems of the Quarterly European Accounts by Institutional Sector project,
- the coordination with other Technical Groups like those of
  - IAS (what will be the impact of the conversion of the accounting rules in the surveys reporting?),
  - Merchandise Transport (freight services), and
  - Insurance (freight insurance, estimation of the service rate included in premiums, estimation of the reinsurance service, ...)

in order to reconcile all the needs and harmonise the BOP procedures and estimations in accordance.



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Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# Spain

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>

## TG DIRECT REPORTING

### **THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS AND CANDIDATE COUNTRIES ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

#### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

- (a) No use
- (b) Business register updating purposes

At present, there are no plans to abandon bank settlements as a system of information. Although the future is not completely defined already we are sure that settlement system will play an important role, among others, for register updating purposes. For other services items a new survey based system is being developed. The settlement data are being used as a starting point to determine which could be the appropriate sampling frame and these data is being crossed with that contained in the General Business Register managed by the Instituto Nacional de Estadística (INE). In the future we will continue using settlement to update the frame although complemented with other sources of information which are currently under study.

In the case of the travel item, the settlement system has been already abandoned. The Instituto de Estudios Turísticos, the INE y the Banco de España (BE) are working together in the estimation of this item. From May 2000, the new frontier survey is producing results. At present, we are working in integrating these results with indicators from the supply side.

- (c) An important source for data collection and a complement to direct reporting procedures

As mentioned above, we have no plans to abandon completely bank settlement so it will complement the information obtained from other sources. For some items, and in general for

**compiling monthly data, it will play an important role. To the extent possible it will be simplified in order to reduce the burden on respondents.**

## **2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

**(a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?**

**Yes, we have available the information of the ITRS system. The main limitations of these data are: first, for transactions below the threshold (3000 euros until 2000 and 12500 thereafter) the enterprises involved can not be identified, second, in some cases, the enterprise that orders or receives the bank transfer do not coincide with the enterprise that is really involved in the transaction with a non resident.**

**(b) What is or what will be the database used for this exercise ?**

**Actually, the ITRS system includes: transactions reported by Spanish banks on their own account and on behalf of their clients; transactions declared directly by enterprises that hold accounts abroad (with non-resident credit institutions or inter-company accounts with non-resident firms) and clearing transactions with non-residents declared directly. The complete database, including the three sources of information is used in the exercises. At present, it has been used only for “other services” items. In the future, if any kind of direct reporting system is studied for any other item (for example FDI) we will use the same database in doing the quantitative analysis.**

## **3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS**

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

**(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country’s BOP register ? are there other sources that you would consider relevant for this purpose?**

**Yes, the INE is analysing the characteristics of all sources listed in the report and finally they will select a subset of all in order to design the BOP register for “other services” items. We would explore the possibility to use these sources for the creation of a register for other items in the future in case we plan to develop a survey to collect data on them. In case of a FDI survey the sources could be: the ITRS system, the data declared to the Central Balance Sheet Office of the BE, the Investment Register of the Ministry of Economy.**

**(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

**The characteristics of the settlement system in the future are not precisely defined at the moment. It is needed before to make further steps in order to have operative the alternative sources of information. Moreover a period of coincidence is also important in order to evaluate carefully the results of new methods and to study possible breaks and solutions, if needed, to avoid them. Nevertheless, it seems likely that in the future the obligation to declare monthly the complete classification of “other services” could be removed and banks could declare instead a total. In Portfolio investment we are already developing a new system of information based mainly on declaration by custodians. We are now in the phase of checking and analysing results. In the future, we plan to simplify the declaration of securities transactions via settlements. For other items we will undertake simplifications to the extent possible if other sources of information are developed.**

- (c) **The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?**

**Yes, every Spanish enterprise has a unique identification number which is used in all the databases that could be explored for BOP purposes.**

- (d) **Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access ? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems ?**

**In case of "other services" the tight collaboration between the INE and the B E under the statistical law is facilitating the exchange of information between the two institutions. At present, the INE is analysing the feasibility of having access to VAT data. This information would be very useful to create and update the register of companies which are involved in international trade in services. Nevertheless other sources of information should be used, if feasible, in order to differentiate between trade in services and trade in goods.**

#### **4. THE ROLE OF « BIG PLAYERS »**

- **The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.**

- (a) **Do you agree with the opinion of the TG ?**

**Yes, in theory it is a good option but, in practice, the specific characteristic of the population determines if it is a real possibility. Moreover, the future system of information foreseen in Spain is not a general system but a system composed by subsystems. These subsystems will have completely different sources depending on the items (all of them complemented by settlement which will be the only general system although simplified at least for some items) even collected by different institutions. In this scenario general big players or full direct reporting are not foreseen.**

- (b) **Considering the structure of the population of companies in your country, are you able to select a representative group of big players ?**

- **Reporting on a monthly basis ?**
- **All their transactions ?**

**We have not done (and have no plans to do) analysis to select a group of big players taking into account the whole Balance of Payments. We have done the exercise to determine big players in "other services". We have available monthly data, but since we do not foresee a survey system to cover monthly data but only quarterly and yearly data, we have done the exercise with these frequencies. As mentioned, the data is not complete due to the existence of a threshold. The main results are: first, although for the total of "other services" with a relatively limited number of enterprises the coverage is high, for sub-items there are important differences since only in some cases we have found a high degree of concentration; second, the variability across time is very high. This latter characteristic of the population has the consequence that it is difficult to assure that the set of big players at a specific point in time will continue in the future to represent properly the set of relevant big players. Therefore, the settlement system as a mean of updating the register is of great importance and if the threshold is raised in the future to 50000 euros this role could be really difficult to maintain.**

**Likely we will do in the future quantitative analysis for FDI. Some exercises done in the past for FDI showed that in the case of FDI abroad the concentration is high but this is not the case for FDI in the reporting economy.**

- (c) What will be the practical criterion you will use to make the selection of « big players » ?
- Cut-off ?
  - Threshold ?
  - Any other solution ?

The practical criterion used for other services is the cut-off. This criterion is being useful for the INE in order to determine how many enterprises could have to declare in order to cover a specific percentage of the total (the total of the items or by sub-items). We will have to update the exercise on a continuous basis in the future. Likely we will do in the future the same exercise also with the cut-off criterion for FDI.

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

- (a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?

In general systems of information, i.e. systems homogeneous across the different items it could be very costly to implement the needed procedures to assure that double counting is absolutely avoided but at least the way of doing it would be relatively clear if the information is available by enterprise identified by a unique number as is the case in Spain. On the contrary, in a system composed by completely different sub-systems for different items, sub-systems even run by different institutions, the way of integrating multinationals reporting is much more obscure. We have even doubts if in this scenario it is possible and appropriate.

The problem would be worse in case the declaration was centralised at the level of the group since it would be more difficult to assure that all relations and transactions between residents of different countries are clearly separated and that the declaration is in accordance with the calendars of production of all countries. Moreover, in case of centralised declaration it is not clear which will be the procedures for the “going-back” relations that are so continuous in any system in order to investigate anomalous or simply important figures.

- (b) What do you expect to be in the future the extent of multinationals reporting in your own country ?

The number of Spanish mother companies of affiliates established in Europe is very limited (although recently there has been a sharp increase in the case of a particular type, i.e. enterprises with the unique objective of holding the participation in the foreign affiliates). In the case of Spanish affiliates it is difficult to have at present a clear idea of the number that could be covered since the testing exercise is underway and it is developing slowly. In any case, the participation in the project would on a voluntary basis preceded by a request from the side of the enterprise.

## 5. THE USE OF SURVEYS FOR BOP PURPOSES

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.

- (a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?

Both the BE and the INE have expressed our opinion in the sense that we consider the geographical detail of both the quarterly and the annual request established in the new regulation excessive taking into account the foreseen changes in the information systems. Indeed, it is not possible to design a survey to cover all the details requested. The INE plans to include the request of specifying the main geographical partners but not to use the geographical



dimension as a stratification variable. That means that a high level of quality could be assured for data with the main partners but there will be impossible to assess the level of quality of the rest (that includes the level of quality of zero values since it could be that for some countries no information is obtained). Probably all zeros will be low-quality zeros but not important data.

(b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?

- For the current account
- For the financial account

We do not foresee the developing of surveys to cover monthly data. In general there is no solution to use surveys directly. The solution should incorporate other sources of information as a complement. This is one of the reasons behind the intention of maintaining the settlement system to the extent possible.

(c) One can find a close link between the activity of companies and the nature of their exports of services; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?

The practical solution will be, on one hand, to maintain a register combining different sources of information which are presently under study as mentioned and, on the other, to design properly the questionnaires clearly specifying the classification of services need for the compiler to be able to comply with the requests.

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

How do MS envisage the future work of the TG ?

(a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?

In our opinion the follow-up of national plans is of utmost importance in this period of profound changes. An appropriate forum to exchange experiences and learn from that of other countries is needed. The joint participation of central banks and national institutes of statistics is also crucial since in the new systems foreseen there are issues for which the expertise of one of the two institutions is indispensable and issues in which the relevant expertise is that of the other institution.

Nevertheless, to determine how to orientate in practice the future work of the group is difficult taking into account that in most cases the future system of information will not be unique but composed by many sub-systems (travel, FDI and Portfolio investment). If we take into account the different items, there are already some groups that cover some of them. In this sense it will be important to follow up the experiences of the different countries in developing new systems for other services, on one hand, and to study the possibility for items which have been not covered by any of the groups mentioned.

(b) Do you have any others suggestions ?

No.



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04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# Sweden

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>

## TG DIRECT REPORTING

### **THE WRITTEN PROCEDURE ON THE REPORT OF THE TG « DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS AND CANDIDATE COUNTRIES ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

#### **1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

- (a) No use
- (b) **Business register updating purposes**
- (c) **An important source for data collection and a complement to direct reporting procedures**

We see no use for settlement data in our data collection. However, since fiscal authorities initiated a simplified reporting of settlements, Statistics Sweden may get access to these data as one source for maintaining their register for the survey on services and transfers.

#### **2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

- (a) **Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?**
- (b) **What is or what will be the database used for this exercise ?**

We have performed quantitative assessments in the process of designing our present system. For the time being, our only need for such exercises would be for the purpose of maintaining our registers in order to bring our frames up to date.

### 3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

**(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register ? are there other sources that you would consider relevant for this purpose?**

At the moment we have no plans to develop one single BoP register. Our data collection is based on surveys (monthly cut-offs and quarterly and annual sample surveys) and, accordingly, we maintain separate register for each main type of survey. Naturally, some of the registers are compared for maintenance purposes.

**(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

We do not collect data on settlements, but, as mentioned under above, Statistics Sweden may get access to settlement data collected by the fiscal authorities.

**(c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?**

A common identification number for companies, authorities, and individuals is used in all Swedish public registers.

**(d) Do you expect any barriers to access to sources (such as the General Business Register...)? If your answer is yes, are you ready to take all the measures to get this access ? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems ?**

No major problems are foreseen, since our present collection system ensures the involvement of both the central bank and Statistics Sweden.

### 4. THE ROLE OF « BIG PLAYERS »

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.

**(a) Do you agree with the opinion of the TG ?**

We agree that a focus on the big players is essential, particularly for monthly Financial Account transactions.

Most companies have a more or less specialised function, especially within group structures. Some are concentrated on Current Account transactions, while others are more focused on financial transactions. For in-house banks, the transactions in most types of services are negligible and vice versa for manufacturing companies. Accordingly, we do not find it justifiable from cost and respondent burden aspects to apply the full direct reporting (both Current and Financial Account transactions) on a monthly basis. Instead, we will continue asking respondents for data mainly in areas where they are of importance for the BoP statistics.

Normally, Current Account transactions, especially services, have a fairly stable development over time, compared to the more volatile financial transactions. We therefore do not see the immediate need for monthly collection of data on services.

**(b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players ?**

- **Reporting on a monthly basis ?**
- **All their transactions ?**

Yes, we already have a well functioning monthly cut-off survey for mainly Direct and Portfolio Investment. As mentioned above, we try only to ask the respondents for data in areas of statistical significance.

**(c) What will be the practical criterion you will use to make the selection of « big players » ?**

- **Cut-off ?**
- **Threshold ?**
- **Any other solution ?**

For the monthly data collection we apply a cut-off solution, trying to cover a representative share of each BoP item so as to be able to produce reliable aggregates on monthly key items. For this purpose we collect data from some 150 respondents for FDI, 160 respondents for PI, and roughly 100 on Other Investment.

Big players in other areas e.g., services, will be covered by the quarterly survey on services and transfers.

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

**(a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?**

So far we have not had detailed discussions on how to integrate the multinationals' reporting into our general collection system. Obviously IT-support will have to be developed to adapt these data to the current compilation system, including cross-reference tables for the translation of transaction codes as well as other conversion of data to the current standards.

**(b) What do you expect to be in the future the extent of multinationals reporting in your own country ?**

It is difficult at this stage to estimate the future extent of the multinationals' reporting. Up till now, we have only had contact with one respondent on this issue and even though they are positive to the main idea of multinationals' reporting, they appear to have some problems producing data according to the concept presented.

## 5. THE USE OF SURVEYS FOR BOP PURPOSES

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.

**(a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?**

It is true that *sample surveys* may not be the best source for making very detailed breakdowns neither on counterpart countries nor on sub-items. On the other hand, they are cost-efficient and supply reliable data on more aggregated levels. Other types of surveys (cut-offs, census) may give more detailed breakdowns, but have other drawbacks.

As to the requested quality needs, they have, so far, not been finally decided upon, at least not regarding the aspect of accuracy.

**(b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?**

- **For the current account**
- **For the financial account**

For current account transactions, we do not see the need for monthly data collection, as mentioned above. For the more volatile financial transactions we already run monthly cut-off surveys. For Other investment of non-financial companies, we have found that a quarterly survey will be adequate, also due to the fairly low volatility of this item.

**(c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

We believe that the sources used by Statistics Sweden for updating their registers, i.a. VAT data, will be sufficient to produce reliable data on import of services.

## 6 - FUTURE ORIENTATION OF THE WORK OF THE TG

**How do MS envisage the future work of the TG ?**

**(a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**

Concerning the organisation of technical groups and task forces, we still support the policy earlier discussed by the CMFB, that such groups should be given a well defined mandate and that they, after presentation and approval of their reports, should be dissolved.

The follow-up of national plans, etc. could be made by Eurostat and any need for further research be organised within mandates of new TG's. If the BoPWG and Eurostat find it valuable, workshops may be organised for exchange of experiences etc., for example in connection with BoPWG meetings.

**(b) Do you have any others suggestions ?**



EUROPEAN COMMISSION  
EUROSTAT

Directorate B: Economic statistics and economic and monetary convergence  
Unit B-5: International trade in services, direct investments, balance of payments



04 April 2003

**Written procedure on the report of the  
Technical Group Direct Reporting\***

# The United Kingdom

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\* Website : <http://forum.europa.eu.int/Members/irc/dsis/bop/home>

**THE WRITTEN PROCEDURE ON THE REPORT OF THE TG  
« DIRECT REPORTING »**

The first report of the TG «Direct Reporting Company» and the subsequent written procedure, concluded that direct reporting is an adequate solution to ensure the continuation of the BOP data collection within EU, together with the maintenance and even the improvement of the quality of the data produced.

Taking this conclusion for granted the present report, following the new mandate given to the TG, aims at giving guidelines concerning general principles as well as practical implementation of direct reporting from companies. It aims at presenting the statistical process permitting to target the companies liable to be part of the BOP collection system and to obtain from them the information needed to produce BOP statistics fulfilling the quality criteria.

**MS AND CANDIDATE COUNTRIES ARE KINDLY ASKED TO ANSWER TO AND GIVE COMMENTS ON THE FOLLOWING QUESTIONS CONCERNING THE RECOMMENDATIONS INCLUDED IN THE REPORT BY 30 APRIL 2003.**

**UK Response**

**1. FUTURE ROLE OF BANK SETTLEMENTS**

- The orientation of the future BOP collections systems will lead to a shift in the respective burdens of banks and companies ; it is particularly the case for those MS which use currently a full ITRS system.

**What is the future role of bank settlements in your country?**

(a) No use

(b) Business register updating purposes

(c) An important source for data collection and a complement to direct reporting procedures

**(a) No use**

**2. THE NEED FOR A QUANTITATIVE ANALYSIS**

- The report gives some guidelines to conduct a quantitative analysis for the selection of potential respondents and to determine the type of reporting.

(a) Do you have all the means necessary to conduct a thorough analysis, covering the current account and financial transactions of individual companies, with the aim to study their representativeness and the stability of the population ?

(b) What is or what will be the database used for this exercise ?

**We use information on trade in services from a filter question on the national accounts annual business inquiry, and data from various professional associations representing eg pension funds, trusts, insurance companies. The level of available resources are always a constraint on what analysis we can do.**



### 3. THE USE OF BOP TAILOR MADE BUSINESS REGISTERS

- The report stresses the importance of an updated BOP targeted business register in order to determine the relevant population for BOP reporting. It considers the potential sources that could be used for the register, as well as issues linked to its practical implementation and updating.

**(a) Do you intend to explore the possibility to use all sources listed in the report for the creation of your country's BOP register ? are there other sources that you would consider relevant for this purpose?**

**(b) Among these sources, will you be able to use a simplified international payments database (IP) relating to the banking settlements on account of companies?**

**(c) The necessary combination of variables would be highly facilitated with the use of a common identification number for companies across existing sources. Is this in application in your own country ?**

**(d) Do you expect any barriers to access to sources (such as the General Business Register...) ? If your answer is yes, are you ready to take all the measures to get this access ? Do you consider that the Commission's regulation on BOP/IIP could overcome possible problems ?**

**(a) BoP data are often collected as part of, or following, a national accounts inquiry: BoP data are collected from insurance companies at the same time as national accounts data, and the filter question mentioned in 2 above leads indirectly to a BoP register for trade in services. For FDI, the Mergers and Acquisitions Inquiry and Dun & Bradstreet's Worldbase are the register sources.**

**(b) No: UK does not have any database derived from banking settlements, and there are no plans to develop one**

**(c) No**

**(d) No barriers for ONS**

### 4. THE ROLE OF « BIG PLAYERS »

- The report favours as far as possible a full direct reporting from big players on a monthly basis as the core element of the future collection systems, because it is considered to be the best practical way to get a satisfying compromise when considering the trade-off between details, quality and cost. The ideal is to get from the « big players » reporting a maximum representativeness with a limited number of companies.

**(a) Do you agree with the opinion of the TG ?**

**(b) Considering the structure of the population of companies in your country, are you able to select a representative group of big players ?**

- Reporting on a monthly basis ?
- All their transactions ?

**(c) What will be the practical criterion you will use to make the selection of « big players » ?**

- Cut-off ?
- Threshold ?
- Any other solution ?

**(a), (b) UK does not have a history of big companies reporting all their BoP transactions monthly. We are using the Multinational test exercise to assess the ability and keenness of these big players to report monthly in a standard way, as well as the implications for IT and accounting standards.**

**(c) We have 100% coverage of the "top stratum" in all our surveys, but the businesses in the top stratum vary from survey to survey. If the Multinational exercise is successful it is likely we would offer to discuss it with other multinationals and maybe other big players**

- Multinationals with affiliates within European countries, seeking for harmonisation, may report to the BOP compiler using a common format in the coming years. A proposal is presently under testing.

**(a) Have you any idea on the way to integrate multinationals reporting in your general collection system ?**

**(b) What do you expect to be in the future the extent of multinationals reporting in your own country ?**

**(a) We are developing appropriate procedures and checks**

**(b) Too early to say, but it will be driven by the companies themselves**

## **5. THE USE OF SURVEYS FOR BOP PURPOSES**

- Some MS will have recourse to surveys as a supplementary source to the reporting of « big players » or as the unique source for their BOP collection system. The opinion of the TG is that if BOP data can be collected from surveys in the same way as any other data, the BOP has a number of characteristics that cause additional difficulties.

**(a) As the geographical allocation of transactions looks difficult to take into account when designing the samples of BOP surveys, do you see any solution to get data on geographical distribution, fulfilling requested quality needs ?**

**(b) What practical solutions do you see to tackle the use of surveys for fulfilling monthly needs ?**

- For the current account
- For the financial account

**(c) One can find a close link between the activity of companies and the nature of their exports of services ; it is not the case on the imports or on the debit side. Do you see any practical solution to tackle importing companies when using surveys?**

**(a) Identify quality criteria for the main partner countries, and assess overall sample size from those**

**(b) We are estimate monthly current account components from quarterly survey data. We are developing contingency plans to assess the minimum monthly portfolio transactions from big players; we are planning to improve the monthly mergers and acquisitions data for FDI; we have acceptable monthly data for other investment data from banking survey returns**

**(c) filter questions on large business inquiries, and appropriate sizes for follow-up samples to give acceptable quality estimates for imports**

## **6 - FUTURE ORIENTATION OF THE WORK OF THE TG**

**How do MS envisage the future work of the TG ?**

**(a) For example as a follow-up of the implementation of national plans in order to exchange the experiences and highlight best practices?**

**(b) Do you have any others suggestions ?**

**(a) An important forum for spreading good practice and describing workable approaches to problems**

**(b) make sure each MS contributes to the TG meetings, perhaps on an agreed rota**