

DIRECTORATE GENERAL STATISTICS

EXTERNAL STATISTICS DIVISION

EUROPEAN COMMISSION - EUROSTAT

DIRECTORATE NATIONAL AND EUROPEAN ACCOUNTS

BALANCE OF PAYMENTS UNIT (C4)

Mandate of the Task Force on the Rest-of-the-World account

At its July 2005 meeting, the CMFB agreed to revive the Task Force on the Rest-of-the-World account *in order to support further work on the reconciliation of the balance of payments and the rest of the world account at the national level.*

Background

The Task Force on the Rest-of-the-World (RoW) account (the “Task Force” hereinafter) was first commissioned by the CMFB and STC in January 2003 in order to assess the feasibility of the proposal made by the Task Force on Quarterly European Accounts by Institutional Sectors (TF-QSA) to use the balance of payments (b.o.p.) as the reference framework for the RoW account within the system of quarterly European sector accounts. Following the conclusions included in its final report (approved in January 2004), Member States were requested to provide additional extra EU/euro area b.o.p. transaction details from June 2005 to Eurostat and at the end of 2005 to the ECB’s DG-Statistics so as to contribute to the compilation of the RoW account.

After the Task Force was disbanded, the consistency between national b.o.p. and RoW account (annual) data has been analysed in the TF-QSA. In particular, a survey to monitor and report on the differences between the national b.o.p. and RoW account was run. In addition to known methodological differences (namely the treatment of construction services, income derived from mutual funds and ‘FISIM’), further structural differences were found due to e.g. different classifications or different revision practices.

Mandate

The revived Task Force on the Rest-of-the-World account is mandated to further support the work on reconciliation of the b.o.p. and the RoW account at the national level by:

1. Tackling the differences between the national b.o.p. and RoW account identified in the survey. The Task Force would a) analyse methodological differences between the current IMF Balance of Payments Manual (BPM5) and (SNA 93 and) ESA 95, b) propose possible amendments so that these methodological differences will no longer exist at the end of the current review of these standards (as the prospect may already be for the income accruals) and c) analyse structural differences;
2. Identifying possible solutions to close remaining methodological and other systematic differences at European and national level;
3. Recommending best practices in national approaches: to ensure consistency between b.o.p. and RoW and to remove asymmetries in mirror data;

4. Continuing the analysis of differences between b.o.p and RoW at national level. The survey developed by the TF-QSA will be re-run in 2006 Q3-4 in order to assess the progress made on the consistency between the two statistics and on the availability of the additional b.o.p. details.
5. Requesting country reports. In those cases in which differences cannot be eliminated, the Task Force would request harmonised bridging tables between b.o.p and RoW; and
6. Reviewing the need for updating the existing legislation or agreements, in line with the work performed by the Task Force during its first mandate in 2003.

The Task Force will report to the TF-QSA, the Working Group on External Statistics and Eurostat's BoP Working Group and National Accounts Working Group. Work on points 1, 2, 3 and 6 above will be started in the first half of 2006, which will result in a progress report to be submitted to the CMFB in its June 2006 meeting. The final report will be submitted to the CMFB in its January 2007 meeting. The Task Force will be composed of representatives of Member States (maximum one per country, preferably mixing national accounts and b.o.p. compilers) and representatives of the ECB's DG-Statistics and Eurostat. The Secretariat will be ensured jointly by Eurostat and DG-S.

It is envisaged that two or three meetings will be organised in the course of 2006, to discuss the methodological aspects, to prepare the survey, to analyse the results obtained and to prepare the report. Much of the work will be done via written procedure.