Results of EU consultation
“Goods for processing”

• Necessity for reassessing the issue

• Consultation of EU 25 MS in 2004

• Presentation to BOPWG in March
The methodological issue

- **Dual nature of processing**
  - Industrial activity
  - Trade in services

- **Two alternative treatments in BOP**
  - Transaction on a gross basis as **Goods**
  - **Services** measured by a net margin
Evolution of Context in 2004

• **Meetings for revision of BPM5 and SNA93**
  – BOPTEG in June
  – BOPCOM in October at Pretoria
  – BOPTEG in November/December
  – AEG in December

• **Reopening of debate on Processing**
  – National Accountants favour net treatment
  – Division of international Groups

• **IMF/UNSD to consult BOPCOM and AEG members**
Eurostat consultation

- **Written consultation of 25 MS by Unit C4**
  - Question aimed at defining a common position
  - Consultation by e-mail
  - Period of October to December 2004

- **Internal contacts within Eurostat**
  - Foreign Trade Statisticians
  - National Accountants
ANSWERS OF MEMBER STATES
(1) CHARACTERISTICS OF RESULTS

- High response ratio: 22 MS out of 25 MS

- 3 kinds of general positions:
  - 16 MS in favour of status quo (i.e. goods)
  - 4 MS in favour of treatment as services
  - 2 MS undecided

- No clear-cut but rather elaborated answers
(2) ARGUMENTS IN FAVOUR OF STATUS QUO

1. Need for consistency with NA and FTS (8 times out of 16)
2. Practical collection difficulties otherwise
3. Risk of double counting BOP/FTS
4. Increasing asymmetries
5. Economic importance of processing for some MS
6. Continuity of time series
7. Classifications issues
8. Physical nature of goods
1. Some MS tend to go with the apparently prevailing opinion in BOPCOM, BOPTEG and AEG, provided that there is no conflict with FTS.

2. Others bring specific issues:
   - Intra/Extra trade
   - Distinction substantial/little change
   - Net recording as goods

3. One has a more complex position:
   - Risks of increased asymmetries
   - Discussion even on necessity of consistency with SNA
(4) ARGUMENTS FOR SPLIT RESPONSES

- Consideration of both pros and cons on an equal footing
- Readiness to go along with dominant position at international level
• **Foreign Trade Statistics:**
  - Reference to UN concepts and definitions
  - Task Force on International Merchandise Trade Statistics
  - Consideration of industrial nature of processing
  - Full agreement with BOP Unit C4 on Goods

• **National Accounts:**
  - Importance of outsourcing
  - Data based on Enterprise Value Added
  - Apparent division inside Eurostat,
  - Leaning towards AEG position
Conclusions

- **Convergence on keeping status quo:**
  - expressed preference of BOP and FTS for treatment as Goods
  - Potential compromise with National Acounts

- **BOPWG to approve EU position in March**
End of presentation