

# 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

## Unit - C4

- **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

## Unit - C4

- **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

## Unit - C4

- **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

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- **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**

# ANSWERS OF MEMBER STATES

## (2) ARGUMENTS IN FAVOUR OF STATUS QUO

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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

# ANSWERS OF MEMBER STATES

## (3) ARGUMENTS IN FAVOUR OF REVERSAL

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1. Some MS tend to go with the apparently prevailing opinion in BOPCOM, BOPTTEG 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

# ANSWERS OF MEMBER STATES

## (4) ARGUMENTS FOR SPLIT RESPONSES

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- **Consideration of both pros and cons on an equal footing**
- **Readiness to go along with dominant position at international level**



# INTERNAL CONTACTS POSSIBLE AGREEMENT ?

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- **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

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- **Convergence on keeping status quo:**
  - **expressed preference of BOP and FTS for treatment as Goods**
  - **Potential compromise with National Accounts**
- **BOPWG to approve EU position in March**

Unit - C4

**End of presentation**



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