

Integrated Approach for Revising National Accounts and Balance of Payments (BoP)

Experiences from Norway

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Demand for long and consistent time series

- Analysis of total economy over time, whatever horizon
 - Short term on seasonal patterns and most recent development trends
 - Growth analysis – long term perspective
- Demand from the researchers and “model - builders” that the time series are **consistent not only over time, but also**
 - **between national account, balance of payments and government finance statistics, and**
 - **between annual and quarterly series and including**
 - **consistency with labour accounts (integrated in the NA)**

Some background –BoP one part of national accounts

- National Account (NA) as we know it today was set up in Statistics Norway in 1946
- Balance of Payment was compiled in the NA from the outset,
 - reflecting the view that BoP is an integral part of NA,
 - Rest of the World Account was regarded as a sector recording flows and stocks seen as a mirror of the corresponding BoP
 - Consequence: Transaction figures in the BoP and NA are the same (and have “always” been
- Also Government Finance Statistics (compiled in SN) are harmonised with NA and are thus linked to the same internal revision policy as the NA
- Labour accounts integrated in NA – and revised when needed
 - Lesson learned: Important to have an agreed revision policy in the organisation

Revision history in Norway (including BoP and GFS)

Revision of national accounts in Norway (time series)

Year of publications	Main cause
1962	New statistics
1973	Definitional changes; implementation of 1968 SNA
1995	Definitional changes; implementation of 1993 SNA/ESA 1995
2002	New statistics for industries (Structural Business Statistics)
2006	Definitional changes; implementation of EU regulation on indirectly measured banking and financial services
2011	Introduction of the revised Industrial classification, NACE rev 2 (2007)
2014	Definitional changes; implementation of 2007 SNA/ESA 2010

- **1970 onwards:**
 - Annual national accounts (ANA)
- **1978 onwards:**
 - Annual sector accounts (ASA)
 - Quarterly national accounts (QNA)
- **2002 onwards:**
 - Quarterly sector accounts (QSA)
- **Revision 2019** under planning (according to Eurostat's revision policy)
- **In addition:** we have ad hoc revisions if necessary;
 - for example in 2017 we revised time series back to 2007 due to new statistical information (part of this was new information on imports)

Different approaches regarding.....

1. Revisions due to definitional changes

- Will always be taken back to 1970/1978

2. Revisions due to new/updated data sources

- Will be taken back as long as “needed” or information is available
- If this creates a visible break in the time series, series will be “smoothed” (new and old series are harmonised)

Benchmark revisions - challenges

1) Supply and use framework (SUT)

- **Supply and use** framework – difficult/impossible (?) and extremely resource demanding to maintain all details regarding products
- Revision 2011 (change of classifications); two approaches:
 - SUT for the most recent years (2004-2009) was revised
 - For 1970-2003 only time series at industrial level were revised
 - Revised for aggregates/2-digit level of NACE (approximately 70 groupings), which is about half of the number of industries we are working on a current basis in the annual accounts

Challenges cont.....

2) Constant price estimates

- In the Norwegian system, deflation takes place at product level
- In 2011-revision the product classification was also changed – no information on “new” products backwards
- Established methods to maintain growth rates at aggregated industry levels
 - not change the story about domestic growth (GDP) if no new information is available

Challenges cont.... 3) New time series and quarterly accounts

- The quarterly accounts are always reconciled with the annual accounts
- 2011 revision difficult because series for “new” industries had no available short term statistics (ex manufacturing production index)
- Resource demanding to maintain the old seasonal pattern – tested several reconciliation methods
- Still the case that we did not want to tell a new story in 2011 about the business cycles since the revision primarily was about introduction of a new classification

Summary

- Easy to harmonise BoP/NA in Norway since BOP is an integrated part of NA
- Harmonisation/cooperation with GFS has also a long tradition in Norway. To be successful:
 - Important to have an agreed revision policy in the organisation
- **Take time series back as long as needed** (depending on whether you have definitional changes and/or new statistical data sources)
 - Choose the “level” where you want to revise – good planning
 - SUT is impossible (?) to maintain “to the far end”/our experience that the quality will be too low – choose how far back SUT should be taken
 - Not everything can/should be revised (you know probably best what is the economic situation in a period when you are in the middle of it)
 - Constant price estimates backwards can be challenging (especially if you have definitional changes, new classifications etc)
 - Quarterly series; important to maintain the old seasonal pattern
- **Not change the story about domestic growth (GDP)/business cycle analyses unless you are certain this is the case**