ESA2010 data transmission programme: 
What's new as of the second half 2014?

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Abstracts

The European System of National and Regional Accounts 2010 (ESA 2010) implements in the European Union (EU) the provisions of the revised global System of National Accounts 2008 (SNA2008). The ESA transmission programme (TP), its visualization questionnaires and the underlying data structure definitions (DSDs) are a well-established collection system for national accounts data, which has proven to be effective and appropriate to transmit data across Europe (and beyond) since the mid-nineties of the last century. The revisions to the ESA TP were, therefore, limited to (1) the direct consequences of the methodological changes introduced by the revised SNA2008 and ESA2010, to (2) the integration of transmission requirements formerly imbedded in different legal acts and to (3) the necessary improvements generated by recognized EU policy needs such as more detailed and timely data, better information on wealth and on pension entitlements. Using SDMX as technical enabler, data under the new ESA2010 TP will have to be transmitted by the EU Member States and candidate countries for the first time in September 2014.

Keywords: EU, ESA2010, data transmission, SNA2008

1. Introduction

Eurostat, the statistical office of the European Union, has responsibility for collection and dissemination of harmonized and comparable data for EU Member States. It compiles and publishes EU and euro area aggregates, which rely on these harmonized inputs from all Member States.

The European System of National and Regional Accounts 2010 (ESA 2010) implements in the European Union (EU) the provisions of the revised global System of National Accounts 2008 (SNA2008). ESA 2010, including the detailed data transmission obligations by the EU Member States to Eurostat, takes in the EU the form of a binding legal act. Beyond that, the ESA transmission programme (TP), its visualization questionnaires and the underlying data structure definitions (DSDs) are a well-established collection system for national accounts data, considered as a reference at international level. The TP and the associated collection system has proven to be effective and appropriate to transmit national accounts data across Europe since the mid-nineties of the last century. Today it is used to exchange on an annual basis more than 1.4 million time series, containing about 45 million observations of NA data, between the National Statistical Institutions and National Banks of the EU Member States and associated countries and Eurostat. It is also used beyond Europe for National Accounts (NA) data collection, notably by the OECD.

Data under the new ESA2010 TP will have to be transmitted for the first time in September 2014. The paper outlines the main differences between the old and the new ESA TP with respect to structure, content, coverage and transmission delays.
2. Main differences between the ESA 1995 and ESA2010 data TPs

The starting point for the development of the new ESA 2010 TP was the current ESA 95 transmission programme: Regulation no.1392/2007 of the European Parliament and of the Council, amending Council Regulation no. 2223/96 with respect to the transmission of national accounts data. There was no need for a structural change of the ESA 95 TP, which is well established within Europe and the OECD and has proven for over 20 years to be efficient for NA data collection and dissemination. However, a number of changes were needed. Most important reasons for introducing these changes were:

(1) The implementation of the direct consequences of the methodological changes introduced by the revised SNA2008 and ESA2010.

The methodological changes between ESA95 and ESA2010 as such are not the subject of this paper. Eurostat has presented a draft manual on the most important methodological changes and their numerical consequences during its May 2013 National Account Working Group (Eurostat C1/NAWG/781). This is work in progress and a final version is expected to be published in September 2013.

The paper elaborates in chapter 2.1 the consequences the methodological changes have had for the new data transmission programme under ESA2010.

The necessary improvements generated by recognized EU policy needs and new or changed user needs and by requests to lower the burden on respondents. These changes are also discussed in chapter 2.1.

(2) The integration of transmission requirements formerly imbedded in different legal acts.

Some legal background and the list of former stand-alone legal acts now embedded in the ESA 2010 regulation is given in chapter 2.2.

(3) The opportunity for alignment of international standards for data dissemination and ex-change by introducing SDMX as technical enabler.

2.1 Main differences due to methodological changes, new user needs and respondent’s burden reduction

Chapter 2.1 outlines the most important changes introduced in the new ESA 2010 transmission programme due to methodological changes and new user needs. It also explains were data requirements were made less demanding in order to lower the burden on respondents and compensate for new needs in times of stress on available resources in the statistical institutions at national and international level.

a. Changes to the ESA2010 TP addressing methodological change

Asset boundary

ESA 95 recognized as intangible assets the following: mineral exploration; computer software; and entertainment, literary and artistic originals. ESA 2010 continued the expansion of the asset boundary by including results of research and development as intellectual property under the heading of produced assets. Moreover, in ESA 95, only the acquisition of those military structures and equipment which were considered to have a civilian equivalent were to be recorded as capital formation. In ESA 2010, the boundary of military capital assets is extended to include military weapons and supporting systems, even if they have no equivalent civilian purpose as long as they...
are items of value and last longer than a year.

Extending the asset boundary through the recognition of more produced fixed assets is reflected in the ESA 2010 transmission programme by introduction of new asset types in the asset breakdown of gross fixed capital formation, namely:

- ICT equipment,
- computer hardware,
- telecommunication equipment,
- weapon systems,
- intellectual property products and
- computer software and databases

as well as by introducing the new asset types

- other natural resources
- purchases less sales of goodwill and marketing assets.

**Sector detail**

Given the important policy requirement for accurate figures on government deficit and debt in Europe, there is a significant increase in material on these issues in ESA 2010 over ESA 95. The changes include expanded guidance on the sector boundaries between government, public corporations, and private corporations. In the ESA 2010 TP this is reflected, even if for the time being only on a voluntary basis, by separately identifying public non-financial and financial corporations and public non-financial and financial corporations controlled by central government.

In ESA2010, provides also a more detailed breakdown of the financial corporations sector to enable more detailed analysis and provide better consistency with the financial statistics systems of the European Central Bank (ECB) and the IMF, particularly by identification of money market funds separately from other investment funds. The five sub-sectors of the ESA 95 are expanded to nine sub-sectors in the ESA 2010. There can also be reclassification of holding companies. Under ESA 95 they should be classified according to the dominant activity of the company, but under ESA 2010 they have to be classified in the financial corporations sector.

As a consequence, there will be more detail shown in tables of the ESA 2010 TP setting out financial corporations’ sub-sectors transactions and stock positions.

**New variables**

In several tables of the ESA 2010 TP new variables have been introduced in order to reflect methodological changes or new economic phenomena, partially for the time being on a voluntary basis in recognition of the practical measurement problems. This refers, for instance to employee’s stock options, guarantees, tax credits and the detail split of social contributions.

**b. Changes addressing new or changed user needs**

**Improved timeliness - advancement of transmission deadlines**

The most important change with regard to quarterly GDP and main aggregates is the improved timeliness, which went from 70 days in the current TP to t+2 months in the new TP. With this step Eurostat and the member states address long standing user requirements for more timely data and the EU approximately reaches the
internationally important benchmark of t+60 days for the release of the first quarterly main aggregates data. At the same time, the transmission delay for the quarterly non-financial sector accounts and the financial accounts of general government has been moved (for euro area members) from currently t+90 days or t+3 months respectively, to t+85 days, particularly addressing timeliness needs of the ECB and in a general G20 data gaps initiative context. An important data set in the EU policy context is also the information on gross value added and employment at regional level, which provides input for the allocation of the most important structural development budget of the EU, the structural funds. Currently, this information is only available 24 months after the end of the reference year. This deadline will now be advanced to 12 months, providing more timely information for policy decisions.

**Measurement of wealth**

The economic and financial crisis over the more recent year has revealed that not only good information on income is necessary, but particularly also better information on wealth of private households. This user requirement is reflected in the new ESA 2010 TP mainly by requesting data for separate sectors S.14 Households and S.15 NPI’s serving households for some tables.

**Aging population**

Europe has to phase the problem of an ageing population and the associated changes to the social security systems.

ESA 95 recognized pension obligations on the balance sheet only for funded “private” schemes. Hence, the activities of many pension schemes, such as social security and unfunded employer schemes, did not lead to recognition of financial assets/liabilities. ESA 2010 recognizes employment-related pension entitlements, irrespectively of whether the necessary assets exist in segregated schemes or not. In the ESA 95 the pension liabilities recognized were limited to the funds available.

In the ESA 2010 TP, pensions provided by government via social security and pensions of unfunded pension schemes of government are to be provided in a supplementary table that shows the liabilities and associated flows of all private and government pension schemes, whether funded or unfunded and including social security. This table will have to be transmitted by the Member States every third year.

c. **Changes aiming at reducing respondents’ burden**

With new ESA2010 transmission programme measures to reduce respondent’s burden have been implemented with regard to reduced requirements for back data, elimination of double reporting and dropping of certain requirements as well as the change to the “evolving composition” of the EU and the euro area for reporting geographical breakdowns in certain tables.

The current ESA95 TP is in place since the early 1990th, which explains that the legal requirements for back data reach back to 1980 for some tables. While it is recognised that long time series are an important user requirement for economic analysis, a balance with the workload of the producers of these data has to be found. A good compromise for producers’ resource allocation between more recent and/or new data and the historic time series is also necessary.

The most important changes to the legally required length of the time series and the reference year under the ESA 2010 TP are the following:
• Annual and quarterly main aggregates: change of the first reference period from 1980 to 1995 (annuals) and 1990Q1 to 1995Q1 (quarters);
• Information by industry: change of the first reference year from 1990 to 1995;
• Household final consumption expenditure by purpose: change of the first reference year from 1980 to 1995;
• Information by industry and region: change of the first reference year from 1995 to 2000;
• Use and supply and input output tables: change of the first reference year from 2000 to 2010.

Another measure to reduce the burden on respondents was the removal of most of the distributive variables from the annual and quarterly main aggregates collection in order to prevent the currently existing double transmission of the variables in this table and the non-financial sector accounts.

All requirements with regard to “real terms” reporting have been dropped. The volume concepts, where appropriate, are now clearly defined as “previous years prices” and “chain linked volumes”. Moreover, it is not necessary any longer to report seasonally adjusted quarterly data for previous year’s prices. Concerning the information by industry, the requirements for the NACE level have been substantially reduced for the first transmission of the annual data 9 months after the end of the reference year as well as for some difficult sub-variables of gross fixed capital formation and fixed assets.

The current transmission programme requires from all countries for the geographical break down of exports and imports to provide it for a fixed composition of the EU and the euro area backwards, each time a new country joins. This involves an enormous work load for the national statistical institutions. The new ESA 2010 transmission programme will switch to the forwards oriented concept of the “evolving composition” of EU and euro area.

2.2. Legal aspects

ESA 2010, including the detailed data transmission obligations by the EU Member States to Eurostat, takes in the EU the form of a legal act, which is immediately applicable in all member states and on which the European Parliament and the Council (representing of the Member States) have to agree. After the positive vote on the Commission (Eurostat) proposal for the ESA 2010 legal act by both bodies in spring 2013, it is expected to be published in the Official Journal of the EU in June 2013. This will trigger that the legal act is in force, usually at the 20st day after publication.

Using the chance for streamlining and creating synergy effects, the following formerly stand-alone legal acts now have been integrated in the ESA2010 TP:
of 10 June 2002 on quarterly non-financial accounts for general government;


- Council Regulation (EC) No 1222/2004 of 28 June 2004 concerning the compilation and transmission of data on the quarterly government debt;


In order to help the Member States to adapt to the new requirements of the ESA 2010 TP, Eurostat will also grant temporary derogations for individual cases, such as a longer delay to provide the information or less demanding breakdowns upon request by the Member States. The main guiding issue for Eurostat in granting temporary derogations is that the EU and euro area aggregates are not affected by the derogation and that all Member States are treated in a consistent way. Member States can ask for derogations within 3 months of the legal act being in force. Legally, the issue of derogations for Member States under the Transmission Programme will be not addressed in the basic ESA 2010 legal act as such, but through an implementing Regulation. It is expected that the implementing act will be in place by summer 2014, in time for the first data delivery under ESA 2010 by the EU Member States.

The ESA 2010 Regulation requires that the first transmission of ESA 2010 data to Eurostat should be when the relevant transmission table deadlines fall after 31 August 2014. In other words, all data transmissions to Eurostat before 1st September 2014 should be on an ESA 95 basis. Thereafter data would be transmitted on an ESA 2010 basis according to the schedule set out in the Transmission Programme; for example, a table required to be transmitted to Eurostat annually with a delay of t+12 would first be transmitted to Eurostat (with the full required time series) on an ESA 2010 basis in December 2014.

The ESA 2010 Regulation does not envisage a legal requirement for Member States' publication at national level; it is only a requirement for transmission to Eurostat. Therefore from a legal perspective, Member States could start to present ESA 2010 data nationally before 1st September 2014. Eurostat is, however, working with the member states in order to come up with an implementation strategy well-coordinated and widely communicated to all groups of users across Europe and beyond.

References