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Monitoring of Implementation—Balance of Payments Statistics

Prepared by the Financial Flows and Stocks Task Force
European Central Bank



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MONITORING OF IMPLEMENTATION
BALANCE OF PAYMENTS STATISTICS
For discussion to the Statistics Committee

Executive summary

This fourth progress report deals with the current situation and progress made since March 1998 on the implementation of the monthly key items (national data, i.e. Step 1) and agreed definitions for the Balance of Payments statistics (BOP). The report is mainly based on the updates provided by the Member States for the "BOP Book" and on the Six-Monthly Review procedure, which were both updated in August 1998. Experiences gained from the live data production of the monthly key items during the first six months of 1998 have also been used for the monitoring. Annexes 1 and 2 are giving an overview of the present situation.

Regarding data availability for the monthly key items, only some progress has been reported by the Member States participating in the euro area since the previous monitoring report endorsed by the EMI Council in May 1998. However, it should be noted that the availability of data has been in a relatively advanced stage for some time already. Gaps still remain especially for the new capital account, financial derivatives and for MFIs' transactions in Other Investment Account. For these either no data is currently reported to the ECB, the coverage is poor or the items are wrongly allocated between the different accounts. However, Member States indicate that the data availability should improve as from the beginning of 1999 when the data requirements for Step 2 (MUMs/non-MUMs, EMU assets/EMU liabilities split) will be implemented.

Regarding the timeliness for monthly key items, two participating Member States reported progress. As a result, the euro area countries are currently able to produce preliminary figures for monthly key items within a time frame of six to eight weeks. For the latest delivery, concerning data for July 1998, two Member States were not able to meet the six weeks' timeliness requirement. As compilation of the EMU balance of payments aggregates depends on the latest submission of data, it is currently taking up to eight

weeks to produce the aggregates. This is considered too long if the figures are to be used by the ECB for monetary policy purposes.

The implementation of the IMF Balance of Payment Manual (5th edition), forming the basis for the ECB requirements for the BOP and IIP statistics, is fairly well established. In fact, all participating Member States have indicated that they have implemented the main principles of the BPM5 already, or that they will have done so by the end of 1998 at the latest. The Member States reported some progress since the last monitoring report. These apply to implementation of recording principles for the Direct Investment (two Member States), recording of financial derivatives (one Member State), implementation of the accruals principle (two Member States) and recording principles for Other Investment transactions (four Member States).

However, a number of individual deviations still remain for the recording of transactions in the Capital and Financial Account. Many of the deviations relate to recommendations prepared by the BOP FFS TF and endorsed by the WGS but also other deviations still remain, (e.g. regarding directional principle, 10% criterion, reinvested earnings, geographical allocation, treatment of repo agreements and bond lending transactions and for the recording of trade credits). As notified by the countries, the remaining deviations will be solved during or, at the latest, by the end of 1999. This would mean that the Member States are not able to entirely fulfil the requirements of the Implementation Package in time, i.e. from the beginning of Stage Three of EMU. This would, unfortunately, cause some reservations in respect of the quality of the EMU BOP data to be compiled during 1999.

MONITORING OF IMPLEMENTATION

Balance of Payments Statistics

INTRODUCTION

1. This is the fourth progress report on the implementation of statistical requirements for the balance of payments (BOP) statistics for Stage Three of Economic and Monetary Union (EMU). The statistical requirements were outlined in the "Implementation Package" (IP) which was endorsed by the EMI Council in July 1996 and confirmed by the ECB Governing Council in September 1998. The EMI Council required monitoring reports to be produced on a semi-annual basis; within the European Central Bank (ECB) this kind of official procedure has not been established. However, the intention is that in the future monitoring reports on different statistical areas will also be submitted to the task forces involved and consequently to the Working Group on Statistics (Statistics Committee) according to a procedure which might be coupled with the updating of the BOP book.
2. The main focus of this Report is the current availability (i.e. Step 1 data) and timeliness of the data on *monthly key items* and the state of play as regards the implementation of the agreed definitions and progress made since the previous monitoring report (March 1998). This Report is based on the updates provided by the Member States for the BOP book and on the Six-Monthly Review, which were both updated in August 1998, and on some bilateral contacts with Member States. Experiences gained from the live data production of the monthly key items during the first six months of 1998 has also been used for the monitoring.
3. No additional requests, such as were necessary for the previous monitoring exercises, needed to be addressed to the Member States for this monitoring report as the information sources used by the Balance of Payments and External Reserves Division of the ECB are already fairly comprehensive. In addition, a detailed analysis of *Step 2 data requirements*, i.e. concerning implementation of the MUMs/non-MUMs, EMU assets/EMU liabilities split required from the beginning of 1999, has recently been carried out. The results of this exercise, including data availability and conceptual analysis covering all reporting frequencies for BOP and IIP statistics, are reported in a separate document ("Provision of BOP/IIP data from 1999 onwards, Summary of responses to the questionnaire", dated 18 September 1998).
4. However, carrying out the monitoring exercise on this basis reveals that descriptions of the national compilation practices, especially in the BOP book, are currently not detailed enough or accurate enough to allow an in-depth analysis of national methodological deviations, e.g. descriptions provided

by Member States of estimation methods used are too imprecise. It is envisaged that during 1999 the BOP book entries will be specified through bilateral contacts with Member States.

5. The annual IIP has not been dealt with in this exercise as it was studied in detail in the last monitoring report and is briefly covered by the document entitled "Provision of BOP/IIP data from 1999 onwards, Summary of responses to the questionnaire". A comprehensive analysis of the IIP, including the state of play with regard to the implementation of the agreed definitions, is envisaged for the next meeting of the BOP Financial Flows and Stocks Task Force (BOP FFS TF), scheduled for December 1998.
6. All the comments made in this Report refer to the Member States, which have been selected to participate in Stage Three of EMU. However, in the country-specific tables (for monthly key items and the six-monthly review) all Member States are included.
7. This Report is divided into two parts: Part A deals with the availability of data and timeliness of the monthly key items, whereas Part B concentrates on the implementation of the agreed definitions.

RESULTS OF THE MONITORING EXERCISE

Part A: Monthly key items

Requirements

8. As agreed within the WGS in 1996, in 1998 the BOP covering the prospective euro area is compiled by adding up the net balances of the prospective participating Member States (Step 1). With regard to this method it is assumed that transactions within the euro area will cancel each other out to show the aggregated EMU BOP vis-à-vis the rest of the world. This process will obviously require sufficient harmonisation of national data for reliable results to be obtained for the EMU aggregates. All Member States will be required to report key items within a six-week period. By end-March 1998 the first aggregate was available, after which national data have been received by the ECB within a time frame of six to eight weeks. The Member States not participating in the euro area are also requested to supply national monthly key data to the ECB, although there will be no legal obligation to do so.
9. As mentioned in the Implementation Package, the strict deadline for the provision of the monthly key items, their high level of aggregation and their use for monetary policy purposes allow for a certain deviation from the agreed recommendations. Therefore, recording on an accruals or a transactions basis will not be required. In addition, estimates or preliminary data will be accepted in order to meet the frequency and timeliness criteria.

(1) Data Availability

Progress

10. As regards data availability for monthly key items, only Ireland – which compiles BOP data on a quarterly basis – reported some progress on the availability of monthly estimates. However, it should be noted that all the other participating Member States compile BOP data on a monthly basis and that although some gaps still remain, the availability of data from them, as required for the key items, has been in a relatively advanced stage for some time already (see Annexes).
11. In Ireland a major overhaul of BOP quarterly/annual collection and compilation system has been underway for the last two years. Redesigned versions of existing surveys and a number of new surveys were introduced in the second half of 1997 and in the first half of 1998. This new survey system is designed to facilitate the collection of the quarterly and annual data on the basis of the IMF Balance of Payments Manual, 5th edition (BPM5).

12. There are no plans to extend the frequency of data collection to obtain monthly BOP data. Consequently, only broad estimates can be provided for the monthly key items. These are prepared in part on the basis of a limited amount of actual up-to-date information, mainly international transfers, banking flows, Government debt statistics and data on reserve assets. The remaining figures are based on the use of relevant indicators concerning individual BOP flows and on an extrapolation of trends from the quarterly BOP system. They are subject to frequent revision each time more up-to-date data are made available through the publication of monthly trade statistics and official quarterly BOP results.
13. For Ireland, monthly estimates without geographical breakdown are currently available on a BPM5 basis for the BOP Current and Capital Accounts and for much of the BOP Financial Account. Those on Financial Account are expected to improve as the quarterly BOP system develops over time. At this stage, direct investment estimates with a directional breakdown are provided. Estimates for equity securities and debt securities are available with respect to inward and outward portfolio investment flows. No information can be provided on financial derivatives. As regards Other Investment, the monthly estimates for the sub-category "MFIs (excluding central banks)" indicate their direct and portfolio investment assets and liabilities as it is not possible to separate them out from existing data sources; a maturity breakdown for this item is not available.

Remaining gaps

14. For the *new Capital Account* almost all countries face problems in reaching a full coverage for the aggregate as required by the BPM5. However, the Member States have pointed out that most of the significant sub-items are included in the aggregate reported to the ECB. In fact, Portugal is the only country currently not reporting any data under the item 'Capital Account' for the key items, the main components of the new Capital Account being currently included in the Current Account figures reported; the situation should improve as from the beginning of 1999. (For further remarks on coverage and on conceptual deviations, see Part B of this Report.)
15. Data availability and recording practices for the *financial derivatives* were studied in the previous monitoring report, which was based on a questionnaire sent to the Member States at the beginning of 1998. The main result of the survey was that the availability of the data for the financial derivatives was rather poor as the current data collection system used in many countries only partially covers the derivatives markets and some instruments are often excluded. According to the questionnaire, it was felt that the data availability (and quality) would be much better in 1999. For the moment, all participating Member States except Ireland are reporting data on financial derivatives for the monthly

key items to the ECB. At the same time, all countries have expressed their reservations on the quality and coverage of this data as it is at present.

16. For the other items in the *Portfolio Investment Account* gaps remain for debt securities and one country (Ireland) is not in a position to provide monthly estimates with the breakdown into bonds and notes and money market instruments. In addition, owing to problems related to data compilation and to some technical problems, the Netherlands was not able to report information for the Portfolio Investment Account for May 1998 at all.
17. For *Other Investment* all participating Member States have indicated that they have data by the required sectoral breakdown, with the exception of Ireland, which is not currently able to distinguish transactions by Monetary Financial Institutions (MFIs) according to the maturity for the monthly estimates. However, in the aggregation method used during 1998 (Step 1), the netting-out of intra-transactions results in asymmetries for the Other Investment sectoral breakdown when intra-transactions involve different institutional sectors. It was agreed within the WGS (April 1998) that the sectoral breakdown for Other Investment in Step 1 for monthly key items would not be shown separately; the sectoral breakdown will be shown only as memorandum items. Therefore, it could be said that for the method currently applied for the key items, all participating Member States are in a position to submit data (totals) for the Other Investment Account. However, conceptual deviations remain for this data (see Part B).

(2) Timeliness

Progress

18. As regards the timeliness for monthly key items, progress was reported by two participating Member States, Italy and Finland, which are both now able to fulfil the ECB timeliness requirement of six weeks for all key items. In Italy the improvement was due to implementation of a new reporting system, which now allows a reduction of the time needed to produce the monthly BOP statistics. In Finland the improvement in timeliness has resulted from the time lag for aggregate trade figures produced by the Board of Customs being reduced from seven to five weeks (without geographical details). This improvement will take effect as from September 1998. This enables the Bank of Finland to compile national BOP statistics, based on transactions data, within the required six weeks' time frame.¹

¹ Commodity trade data with geographical details will be available in Finland within eight weeks, which means that the split into MUMs and non/MUMs must be estimated for the first BOP preliminaries to be reported to the ECB.

Remaining Gaps

19. The time frame within which Member States participating in the euro area produce data for monthly key items varies significantly according to the principles used to produce the figures. The euro area countries are currently able to produce preliminary figures for monthly key items within a time frame of six to eight weeks. For the latest delivery, concerning data for July 1998, two Member States were not able to meet the six weeks' timeliness requirement. For the Netherlands there was a delay of nearly two weeks beyond this requirement for the June transmission, for July the delivery of data was problematic and delayed as well. Therefore, as compilation of the EMU balance of payments aggregates depends on the latest submission of data, it is currently taking up to eight weeks to produce the aggregates. This is considered too long if the figures are to be used by the ECB for monetary policy purposes.
20. For most countries the first updates are provided on a cash basis and include a high number of estimates. Figures based on transactions, especially data for trade in goods, are available in some countries only after ten to fourteen weeks from the end of the reporting period; for data that is broken down geographically (needed for Step 2) the delays are even longer. This is mainly due to the late availability of the INTRASTAT data as mentioned in the previous monitoring reports.
21. Based on the experience gained from the reporting of monthly key items for the first half of 1998, Member States have made significant revisions for the preliminary figures (i.e. first updates) for monthly key items. The magnitude of the revisions reflects the quality of the first updates submitted to the ECB. In analysing the revisions it is clear that the biggest revisions have been made to Current Account items, especially figures on trade in goods but also on current transfers. For the Financial Account, major revisions have been made to Portfolio Investment (bonds and notes) and to Other Investment (short-term transactions by MFIs). In many cases, in particular for trade in goods, this is a consequence of replacing the first updates based on estimates or on settlements data with transactions-based data with a two to three-months delay.²
22. Although the transactions basis is not required for the monthly key items (Implementation Package, July 1996), the aim should be to produce reliable and good quality monthly key figures for the first delivery. Therefore, it would be important for Member States to implement the transaction basis, within the required timeframe, also for trade in goods, as soon as possible. It should be noted that INTRASTAT data are still needed for monthly key items in Step 2 (extra EMU data) as the composition of the EU and EMU differs.

² For trade in goods the so-called INTRASTAT bias might also affect the revisions: According to EUROSTAT's studies the addition of national trade data leads to an exaggeration of the euro area trade surplus, mainly owing to an underestimation of "arrivals" (i.e. intra-imports).

Part B: Implementation of agreed definitions

General

23. The implementation of definitions and requirements for the harmonisation of balance of payments statistics, as agreed by the BOP FFS TF and by the WGS during the course of the past years, has been monitored under the six-monthly review procedure as well as by using the BOP book. Both the BOP book and the Six-Monthly Review were updated at the beginning of August 1998.
24. In general, as tracked in the previous monitoring reports, the implementation of the BPM5, which forms the basis for the EMI/ECB requirements for BOP and IIP statistics, is fairly well established. In fact, all participating Member States have indicated that they have implemented the main principles of the BPM5 already, or that they will have done so by the end of 1998 at the latest. However, *a number of individual deviations still remain for the recording of transactions in the Capital and Financial Account* as is shown below. Many of the deviations relate to recommendations prepared by the BOP FFS TF and endorsed by the WGS (e.g. the financial derivatives and accruals principle). For this monitoring exercise rather few conceptual improvements have been reported and many of them will only be implemented in the near future.
25. As notified by the countries, *the remaining deviations will be solved during or, at the latest, by the end of 1999*. This would mean that the Member States are not able to entirely fulfil the requirements of the IP in time, i.e. from the beginning of Stage Three of EMU. This would, unfortunately, cause some reservations in respect of the quality of the EMU BOP data to be compiled during 1999.

(1) New Capital Account

Progress made/remaining deviations

26. The Member States recorded no change on this item. Many countries have encountered difficulties in capturing the data for the new Capital Account. However, as indicated in the previous monitoring report, all significant capital transfer data seem to be currently available. Conceptual deviations remain for capital transfers which are difficult to identify or mixed with current transfers and therefore recorded in the Current Account in four Member States. Only partial data for debt forgiveness and migrants transfers are available for most Member States. The acquisition or disposal of non-produced, non-financial assets is recorded in the Current Account in three Member States participating in the euro area. None of the Member States, except Portugal, have indicated any immediate changes in their current recording practices for the new Capital Account. In Portugal, the

capital transfers and the acquisition of non-produced, non-financial assets will be recorded in the new Capital Account as from the beginning of 1999.

(2) Direct Investment

Progress made/remaining deviations

27. In the Netherlands the implementation of the directional principle has been completed (for intercompany credit and loans) in July 1998. The data in Direct Investment also now include estimates for reinvested earnings. These improvements would also apply to the monthly key items and have in fact already been included in the latest update of key items and related back data.
28. Italy reports that it has implemented the 10% criterion and directional principle and will include reinvested earnings and inter-company trade credits in Direct Investment as from September 1998.
29. However, for Direct Investment a number of gaps remain; the widest are:
 - The 10% criterion, which is currently not followed in three Member States (excluding Italy). Germany is applying a 20% criterion but will implement the 10% criterion in 1999; France is following the 10% criterion only partially; in the Netherlands Direct Investment is assessed according to effective control criterion and no strict 10% rule is followed.
 - The directional principle, which is not followed by three Member States (excluding Italy). Germany indicates that change is planned although the directional principle will only be partly realised; the Banque de France is currently investigating different methods of implementing the directional principle; in the Belgian-Luxembourg Economic Union (BLEU) the issue is under review.
 - The inclusion and calculation of reinvested earnings. Three countries (excluding Italy) do not yet include estimates on reinvested earnings in their BOP. In Portugal monthly estimates will be available from 1999; in BLEU and Spain methods to estimate reinvestment earnings are currently being studied.
 - Inter-company trade credits, which are currently recorded in direct investment only in Spain and which will be recorded in Italy as from September 1998. The other Member States record these in Other Investment, if captured. However, Germany, Ireland, Portugal and Finland intend to include inter-company trade credits in Direct Investment in 1999.

- In the Netherlands, all transactions by Special Financial Institutes (SFIs), mainly consisting of finance and holding companies, are classified on a net basis under Other Investment. Reclassification of data on SFIs to be recorded under Direct Investment is being studied.

(3) Portfolio Investment

Progress made/remaining deviations

30. Some improvements have been reported for Portfolio Investment. In the Netherlands data on interest income have been modified on the basis of the accruals principle, though only for income from bonds and notes; Portugal now adjusts flows for accrued interest both for assets and liabilities; the Netherlands record interest rate swaps and forward rate agreements as derivatives instead of investment income.
31. However, many deviations still remain for:
 - The recording of financial derivatives. In many countries derivative transactions are recorded somewhere in the BOP, but their treatment is not in line with the recommendations. The data collection system used in many countries only partially covers the derivatives markets and some instruments; e.g. forward foreign exchange contracts are often excluded. Transactions in organised markets are included in most cases but difficulties remain in making a distinction between different types of margin payments. All Member States, except the Netherlands, still record flows related to interest rate derivatives – if captured – under income in the Current Account. A change to the Financial Account, as approved by the WGS in April 1997, is envisaged in 1999 in all participating Member States except for Austria and Spain.
 - The accruals basis (not required for the monthly key items). Five Member States do not currently apply the accruals basis but record income on a cash basis for the key items. However, the accruals principle is applied in most cases only partially – for example, for reinvested earnings, bonds and notes or interest payment on general government liabilities. The situation should improve as from 1999. (For further details, see the document entitled “Provision of BOP/IIP data from 1999 onwards, Summary of responses to the questionnaire”.)
 - The principle applied for geographical allocation. According to the Six-Monthly Review, three Member States (BLEU, Spain and the Netherlands) do not yet apply the debtor principle on the assets side (Ireland and Finland have no data at present). However, the situation should improve as from the beginning of 1999, (for details, see the report reported entitled “Provision of BOP/IIP data from 1999

onwards, Summary of responses to the questionnaire".) On the liabilities side, only the first known counterpart is available for most of the Member States; however, this is a matter of concern only for the implementation of Step 3 (for details, see report entitled "Implementing of a Geographical Breakdown for the EMU BOP/IIP Statistics" dated 18 August 1998).

- In addition, according to recent reports by the Bank for International Settlements (BIS), securitisation transactions are developing rapidly. The instrument classification of these transactions is sometimes uneasy and might cause asymmetries to the BOP statistics. However, the significance of these transactions should be further studied with the Member States.

(4) Other Investment

Progress made/remaining deviations

32. Four Member States have carried out some improvements which relate primarily to the method of converting flows into the domestic currency (the implementation of the average or actual exchange rate) and to the timing principle (the implementation of the change of ownership principle).

33. Deviations from the agreed definitions still remain for:

- The treatment of repurchase agreements, bond lending and similar transactions. As agreed by the BOP FFS TF, the accounting practices should be used as the guiding principle for the BOP treatment of repurchase agreements, sell/buy-back transactions and bond lending. This would lead to their being recorded under Other Investment as collateralised loans.³ Five Member States still diverge from the agreed treatments as no separate data on these transactions are available and the transactions are recorded under Portfolio Investments. In addition, current methodology may cause difficulties in the recording of reverse transactions. It should be noted that according to a recent BIS report, these types of transactions, which are often coupled with sales of borrowed securities, have developed rapidly in recent years.
- Trade credits, for which services or/and short-term trade credits are excluded in the case of four Member States. Implementation is envisaged in Portugal by the end of 1998; in the Netherlands preparations for the inclusion of data on estimated trade and short-term trade credit are in progress and will be implemented in the course of the third quarter of 1998.

³ The treatment of sell/buy-back transactions was agreed by the Money and Banking Statistics Task Force of the EMI (see the Money and Banking Statistics Compilation Guide, April 1998).

- Direct investment trade credits, which are recorded by eight Member States in Other Investment. (Italy will include them in Direct Investment as from September 1998.) Four Member States still include Direct Investment loans in Other Investment.

- For Ireland, the monthly estimates for Other Investment item "MFIs (excluding central banks)" cover also their direct and portfolio investment assets and liabilities as it is not possible from the present data sources to distinguish different types of financial transactions carried out by the MFIs.

**Balance of Payments Monthly Key Items
Monitoring of Implementation**

Summary of the country-specific tables on data availability¹

| | |
|--------------------|--|
| BLEU | Implementation of the greater part of the BPM5 took place in 1995; implementation will be fully completed by end-1999. Monthly data are available with a minimum delay of 4 weeks, but the data will include a high fraction of estimates. Currently some deviations in data coverage (new CA); some deviations from agreed definitions for DI and PI. The MUMs/non-MUMs, EMU assets/EMU liabilities split will be available for all key items from 1999 onwards. |
| Denmark | Full implementation (except for banks) of new BoP compilation system expected as from October 1998. For banks, full implementation is expected in 2001. Currently some minor deviations in data coverage (new CA); some deviations from agreed definitions for DI and PI. INTRASTAT data delayed. The MUMs/non-MUMs, EMU assets/EMU liabilities split will be available for all key items from 1999 onwards. |
| Germany | Implementation of BPM5 will be completed in 1998 (DI 10 % criterion will be implemented in 1999). Data availability for the new CA partially problematic. Currently some deviations from agreed definitions for DI, PI and OI. INTRASTAT data delayed. The MUMs/non-MUMs, EMU assets/EMU liabilities split will be available for all key items from 1999 onwards (for PI debtor/ <i>transactor</i> principle will be used). |
| Spain | Implementation of harmonisation requirements in 1998. Currently some deviations from agreed definitions for DI, PI and OI. INTRASTAT data delayed. The MUMs/non-MUMs, EMU assets/EMU liabilities split will be available for all key items from 1999 onwards. |
| France | Implementation of most of the BPM5 has already taken place. INTRASTAT data delayed. Current deviations from agreed definitions for DI, PI and OI. Some items taking presently longer (2 weeks) than the required 6 weeks timeliness, which would be met by autumn 1998. The MUMs/non-MUMs, EMU assets/EMU liabilities split is available for all key items. |
| Italy | Implementation of harmonisation requirements will be completed in 1998. Currently deviations from agreed definitions for DI (implementation in September 1998). Timeliness of data improved to required 6 weeks during summer 1998. The MUMs/non-MUMs, EMU assets/EMU liabilities split will be available for all key items from 1999 onwards. |
| Netherlands | Implementation of harmonisation requirements will be completed by 1998. Currently deviations from agreed definitions for DI (preparations for the implementation of the directional principle are in progress), PI and OI. All monthly data on settlement basis. The MUMs/non-MUMs split is already available for all key items; the EMU assets/EMU liabilities split will be introduced by 1998. |
| Portugal | Implementation of BPM5 by January 1999 including the new CA and the financial derivatives. Deviations currently from agreed definitions for new CA, DI, PI and for OI. All monthly data currently available on a settlement basis (within six weeks timeliness) and on a transactions basis (within fourteen weeks timeliness, to be reduced to six weeks from January 1999 onwards). The MUMs/non-MUMs, EMU assets/EMU liabilities split will be available for all key items from January 1999 onwards. |

¹ See page 2 for explanations of the abbreviations used.

Reserve assets are not assessed as they are currently under discussion within the ECB.

| | |
|-----------------------|---|
| United Kingdom | BoP compilation on quarterly basis. At present, the United Kingdom is in a position to provide monthly data for the key items goods, services and transfers. In addition, monthly information on reserve assets is available. Implementation of BPM5 in September 1998; currently deviations from agreed definitions for DI, PI and OI. INTRASTAT data delayed: projections produced at 6 weeks. Provision of the required MUMs/non-MUMs, EMU assets/EMU liabilities split for the monthly key items <i>problematic</i> . |
| Austria | Implementation of BPM5 by January 1998. The monthly key items published from January 1998 within 6 weeks on a cash basis. As from January 1998 some deviations from agreed definitions for DI, PI and OI. The MUMs/nonMUMs, EMU assets/EMU liabilities split will be available for all key items from 1999 onwards. |
| Sweden | New BoP collection system in line with BPM5 implemented as from October 1997 whereupon minor deviations from agreed definitions (for DI and PI). Data availability problematic for the new Capital Account; however, significant items included. INTRASTAT data delayed. The MUMs/non-MUMs, EMU assets/EMU liabilities split will be available for all key items from 1999 onwards (for PI debtor/creditor principle will be applied, except for debt securities for which debtor/ <i>transactor</i> principle will be used). |
| Ireland | <p>BoP compilation on quarterly basis. However, broad monthly estimates for the key items can be provided within six weeks of the reference month. Data coverage currently only partial; within the Financial Account, an estimated functional breakdown for investment into DI, PI and OI - as specified in BPM5 - can be provided.</p> <p>A major overhaul of the BoP quarterly/annual collection/compilation system has been under way for the last two years and a new BOP/IIP survey collection system was introduced at end 1997/beginning -1998 to collect data on a BPM5 basis. Respondent data quality and timeliness problems are being addressed as initial data extraction difficulties are resolved. However, progress on CSO computer systems development slower than expected but interim measures have been introduced with the intention of processing sufficient quarterly returns by end 1998 or beginning of 1999 to allow the preparation of the required monthly estimates. The provision of the BPM5 based estimates with a MUMs/non-MUMs, EMU assets/EMU liabilities split is critically dependent on availability of the quarterly data. INTRASTAT data is available in 10 weeks; Non-EU trade data is available in 7 weeks.</p> |
| Greece | Data coverage only partial for Capital and Financial Account key items; no breakdown into DI and PI currently available. New BOP data collection system is under way. Most BPM5 and ECB/EUROSTAT requirements implemented in mid-1998; data are expected to be considered to be of a reasonable coverage and quality by September 1998. INTRASTAT data delayed. The MUMs/non-MUMs, EMU assets/EMU liabilities split will be available for all key items from 1999 onwards. |
| Finland | Remaining harmonisation requirements will be implemented as from 1999 (financial derivatives, inter-company trade credits). INTRASTAT data some delayed; however, aggregate trade data - as all the other key items already - will be available within six weeks timeliness as from September 1998. The MUMs/non-MUMs, EMU assets/EMU liabilities split will be available for all key items from 1999 onwards. |

Abbreviations used/Explanations:

- BPM5 IMF Balance of Payments Manual 5th edition
- CA Current Account
- New CA The new Capital Account (as defined in the BPM5)
- FA Financial Account

| | |
|----|----------------------|
| DI | Direct Investment |
| PI | Portfolio Investment |
| OI | Other Investment |

MUMs/non-MUMs, EMU assets/EMU liabilities split:

Refers to Step 2 requirements (required as from January 1999) where Member States participating the single currency area have to split their transactions for MUMS and for non-MUMS for all BOP items, except for Portfolio Investment where a split of transactions with securities issued by EMU residents and with securities issued by non-EMU residents on the assets side is required. All the liabilities will be reported regardless of the counterpart.

Regarding the transactions in the Direct Investment account, a similar approach to the one followed for Portfolio Investment transactions is followed, i.e. with regard to the Direct Investment flows abroad, the countries of the EMU will have to split these flows into two flows according to the issuer (EMU resident, non-EMU resident).

TABLE 1:

**SUMMARY OF DATA AVAILABILITY OF THE MONTHLY KEY ITEMS
SEPTEMBER 1998**

ANNEX 2

| updated 21.9.1998 | | Current monthly data availability 1) | | | | | | | | | | | REQUIRED FROM 1999: MUMS/NON-MUMS EMU assets/liabilities | Scheduled implementation of harmonisation requirements |
|----------------------|---|--------------------------------------|--------------------|-----------|-----------|-----------|------|-----------------------|----------------------|-----------------------|-------------------------------|--|---|---|
| | | Compl. Freq. | Current Account | New CA | DI | PI | OI | Timeliness (weeks) | 2) Geo- Breakdown | Timeliness (weeks) | | | | |
| BLEU | M | Y | Y- | Y- | Y | Y- | 4-10 | mostly | 10 | Y | full impl. of BPM5 end-1999 | | | |
| Germany | M | Y | Y- | Y- | Y- | Y- | 6-8 | Y | 6-12 | Y | 1998 (1999 for DI 10%) | | | |
| Spain | M | Y | Y | Y- | Y | Y- | 5-9 | mostly | 5-9 | Y | 1998 | | | |
| France | M | Y | Y- | Y- | Y | Y | 6-8 | mostly | 6-8 | Y | 1998 | | | |
| Italy | M | Y | Y- | Y- | Y | Y | 6 | Y | 6 | Y | 1998 | | | |
| Netherlands | M | Y | Y- | Y- | Y | Y- | 6 | Y | 6 | Y | completed by 1998 | | | |
| Portugal | M | Y | partially | Y- | Y- | Y- | 6 | Y- | 6-8 | Y | Jan-99 | | | |
| Austria | M | Y | Y- | Y- | Y | Y- | 6 | Y | 6 | Y | [Jan. 1998] | | | |
| Ireland | Q | Y | mostly | Y- | partially | partially | 6 | - | N/A | depends on Q data | 1998/early 1999 (IT systems) | | | |
| Finland | M | Y | Y- | Y | Y | Y | 6 | only trade in goods | 10 | Y | 1998 (for DI 1999) | | | |
| Denmark | M | Y | Y- | Y- | Y- | Y- | 5-10 | mostly | 6-11 | Y | October 1998 (for banks 2001) | | | |
| UK | Q | partially | - | partially | partially | partially | 4-12 | partially Q | 12 | - | in Sept. 1998 | | | |
| Sweden | M | Y | Y | Y- | Y- | Y | 6-7 | partially | 6-15 | Y | [Oct. 1997] | | | |
| Greece | M | Y | partially | - | - | partially | 5-10 | partially | 16 | Y | Sep-98 | | | |

1) Current data availability of the EMI Monthly Key Items (data not necessarily published or publicly available).

M - Monthly, Q - Quarterly, Y - Data available, "-" Data not available.

Y- : data available but deviations from the requirements (e.g. for DI: no data on reinvested earnings, or 10 % criterion or directional principle not applied)

2) Country by Country, EU Member States.