

**Seventeenth Meeting of the
IMF Committee on Balance of Payments Statistics
Pretoria, October 26–29, 2004**

Harmonization of Balance of Payments Reporting by Multinationals

Prepared by the European Central Bank

Basic information related to the project on harmonised reporting by multinationals for European balance of payments statistics

Aim of the project

The aim of the project is to test the feasibility of one common balance of payments¹ (b.o.p.) reporting format for multinational enterprises in European countries. In 2000, the European Round Table of Industrialists (ERT) put forward the idea of a common reporting format instead of the current diversity of formats and rules for b.o.p. reporting. A uniform reporting model is expected to increase both efficiency (cost saving) of the reporting process as well as the quality of data to be reported by enterprises.

Contacts with European associations

Frequent contacts have taken place during the test period with the ERT, both informally and in written form – e.g. through a preliminary report on the project in October 2003. The chairman and secretary of the European Steering Group on Multinationals (SGM), that monitors the feasibility study, have regularly exchanged views with the secretary general of the ERT. Also the European Financial Services Round Table (FSRT) was informed via the ECB on the project through the preliminary report. As financial services play a substantial role in cross-border transactions and positions, a multinational in the field of insurance was also involved in the feasibility study.

The preliminary report was based on the contributions received from nine companies with regard to test completion of report forms (out of fourteen companies visited). The proposed common reporting format appeared to be feasible from the standpoint of these companies, though the availability of software packages was considered an important prerequisite to reduce the initial costs.

Main results

Since autumn 2001, when the project in fact started, sixteen companies have been visited by the SGM. These sixteen companies have all completed a questionnaire, which constitutes part of the feasibility exercise. Twelve companies have completed the proposed report forms for a test with real data for a recent accounting period; two companies abstained from test completion of forms for commercial reasons. One company (out of the twelve) did only part of the job up to now. In total, nineteen companies were committed to participate in the feasibility exercise, but four companies abstained from contributing to the feasibility exercise for various reasons. One of these four, an insurance company, was replaced by another candidate from the same sector. Further information will follow in the September meeting.

¹The Balance of Payments measures transactions of an economy with the rest of the world.

IT aspects

Development of software packages supporting harmonised reporting by ERP producers and producers of related software would be an important impetus for multinationals to consider the Uniform Reporting Model. Software development can bring down the costs of companies with regard to reporting. One major ERP software provider is working on a concrete solution in order to facilitate reporting on international trade in services. This will be on the agenda for the September meeting, to which the several ERP providers will be invited.

Further steps

An update of the preliminary report is envisaged by the end of August, containing contributions of companies received since October 2003. In autumn, the reporting model – report forms and explanatory notes - will be revised as a result of comments received from all parties involved, among others the multinational enterprises.