



## EUROSTAT QUALITY PROFILE

<b>Indicator (definition)</b>	<b>Trade integration of goods as a % of GDP:</b> Average of Imports and Exports of the item goods of the Balance of Payments divided by GDP. <b>Trade integration of services as a % of GDP:</b> Average of Imports and Exports of the item services of the Balance of Payments divided by GDP.
<b>Eurostat Unit</b>	Balance of Payments
<b>Other Commission DGs</b>	DG Economic and Financial Affairs, DG Trade
<b>European Statistical System Working Group (WG)</b>	WG Balance of payments
<b>Date</b>	July 2008

**1. Overall assessment of accuracy and comparability** (Description of quality grades under the following link: [http://circa.europa.eu/Public/irc/dsis/structind/library?l=/general\\_information/quality\\_profiles/annex\\_enpdf/EN\\_1.0\\_&a=d](http://circa.europa.eu/Public/irc/dsis/structind/library?l=/general_information/quality_profiles/annex_enpdf/EN_1.0_&a=d))

A     
  B     
  C     
  Indicator to be developed

Data is collected from reliable sources applying high standards with regard to the methodology and ensuring a high degree of comparability.

### 2. Objective and relevance of the indicator:

Trade integration of goods and services indicators measure the level of a country's participation in world markets through trade and do not distinguish between intra- and extra-EU trade (only the European aggregates do so). It is expected that increased trade integration boosts economic growth and employment by removing remaining trade barriers.

Trade integration is associated with the establishment of the European Union and particularly the single market that eliminated barriers to the movement of goods and people within the EU. A similar process is happening in the field of services within the EU with the most recent example the Directive on Services in the internal market<sup>1</sup> which is aiming at eliminating remaining barriers to trade in services across the EU. The Monetary Union and the adoption of the Euro is also related with trade integration of both goods and services as it eliminated exchange rate uncertainty, lowered transaction costs, and produced greater price transparency and competition.

### Restriction of the indicator's relevance and other characteristics which may lead to restrictions in using it in monitoring and reporting

### 3. Data availability: details

(**t<sub>1</sub>**: earliest reference year available; **t<sub>2</sub>**: latest reference year available in July 2008)

	Member States	Candidate and Acceding Countries	US and Japan	EEA-EFTA
t <sub>1</sub>	1992 : DK, DE, IE, EL, ES, FR, IT, NL, AT, PT, FI, UK 1993: BG, EE, LV, LT, HU 1994: SI, SK, SE 1995: CZ, CY, PL 1995: MT 1998: RO 2002: BE, LU	1993: TR 2004:HR	1992	1992:IS 1995: NO
t <sub>2</sub>	2005: EL 2006: all other countries	2006	2006	2006

<sup>1</sup> Council Directive 2006/123/EC of 12 December 2006.

Comments: From 1992 to 2001 there are only aggregated figures for Luxemburg and Belgium (BLEU) available.

#### 4. Overall accuracy

High	<input checked="" type="checkbox"/>	The national banks or the national statistical offices of the Member States provide Eurostat with data according to an agreed set of questionnaires. The methodological framework is the Balance of Payments Manual Version 5 (BPM5). Data on goods are generally based on Foreign Trade Statistics, which are often collected by customs' administrations. Data on services come from a variety of surveys where the data can be reported either by the banks or directly by the enterprises or the households. Data from national authorities is checked by Eurostat and the European Central Bank (ECB) for completeness as well as for internal consistency, plausibility of the data (e.g. the development of time series), internal consistency, and correspondence with data already disseminated by the same country. Asymmetries are another way of assessing the accuracy of statistics on flows. In that, values of trade in goods and services reported by European countries are compared with that of their partners within the EU. The resulting differences are evaluated. In the intra-EU trade of goods arrivals are about 5% less than dispatches. In the trade of services asymmetries are very close to zero. At the European level, accuracy of GDP is regularly monitored in the framework of the GNI (Gross National Income) Committee and technical aspects are regularly analysed in several working groups and technical committees.
Restricted	<input type="checkbox"/>	

#### 5. Comparability across countries

High	<input checked="" type="checkbox"/>	The underlying methodological framework, which is defined in BPM5, ensures a high degree of comparability across countries. EC No. 184/2005 contains the questionnaires, and also all the details on the coding system, the format of the data, the deadlines for transmission. Each country compiles its BoP statistics using the data coming from a number of surveys and administrative sources. The methodologies used by Member States when compiling the BoP are covered in the country chapters of the ECB's yearly publication 'European Union balance of payments/international investment position statistical methods'.
Restricted	<input type="checkbox"/>	

#### 6. Comparability over time

High	<input checked="" type="checkbox"/>	Annual BoP data which are used for the calculation of the trade integration of goods and the trade integration of services indicators are available starting from 1985. The methodology is revised according to the revisions of the IMF's Balance of Payments Manual (BPM) which is currently in its 5 <sup>th</sup> edition. In some countries, methodological breaks can affect time series (normally on a temporary basis). Backward calculations of time series are provided to ensure full time coherence in a case of methodological changes.
Restricted	<input type="checkbox"/>	

#### 7. Development perspective for improving the quality of this indicator (including as far as possible an indication of the burden on Member States and respondents.)

Continuous improvements related to new methodology and compilation techniques as well as to harmonisation. A common European revision policy across integrated statistics will also increase the comparability of the data and ease the reporting by Member States.

BPM5 is currently under revision and a new version of the manual will be released in 2008.

#### 8. Contribution to the coherence of the set/potential to qualify for an integrated policy analysis

Trade integration of goods and services is a component of the Balance of Payments statistics current account. It can be used in integrated policy analysis when trying to identify the effects of increased

trade in growth, competitiveness, job creation etc.

It can also compliment the indicators derived by the other BoP sub-balances such as the capital account or the financial account in order to summarise all the transactions of an economy with the rest of the world.

### **Relevant European legislation**

Regulation No 184/2005 of The European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment (OJ L35/23 of 8/02/2005).

Directive 2006/123EC of the European Parliament and of the Council of 12 December 2006 on services in the internal market.

Regulation (EC) No 602/2006 of 18 April 2006 adapting Regulation (EC) No 184/2005 of the European Parliament and of the Council through the updating of data requirements.

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