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2024 Benchmark Revision of National Accounts and Balance of Payments: Overview on motivation, main changes and implementation aspects

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I Motivation and good practices for benchmark revisions

What is the purpose of this note?

Following the introduction of an updated methodological framework in 2014 ([ESA 2010 methodology for national accounts](#) and [BPM6 for Balance of Payments](#)), and a [first set of subsequent benchmark revisions carried out around 2019](#), a next coordinated benchmark revision of national accounts and balance of payments in the EU is scheduled to take place in 2024.

Since benchmark revisions aim to improve the accuracy and comparability of key macro-economic indicators for policy and business analysis in the EU, with possible significant revisions of time series, they need to be accompanied by enhanced communication on expected changes.

In order to support a coordinated communication by the [European Statistical System \(ESS\)](#) on this important event, this note motivates good practices established for coordinated European benchmark revisions and describes main expected changes and implementation aspects for the 2024 benchmark revision. It is published on a Eurostat website dedicated to [ESA 2010 revisions](#), where further information will progressively be added to inform users more concretely on the planning, implementation and outcome of the 2024 benchmark revision.

Why are revisions needed and what types can be distinguished?

National accounts and balance of payments provide key indicators for macro-economic policy analysis and implementation as well as for administrative uses in the EU. To ensure high quality, coherence and comparability, data must be compiled in line with agreed international standards and methodology, which have legal status in the EU. As new information becomes available, and data sources and statistical methods evolve, improvements should be introduced in a transparent, coherent and systematic way to reinforce trust in the accuracy and comparability of data.

The following two main types of revisions are usually distinguished:

Routine revisions are an essential part of good quarterly and annual national accounts compilation practice, as they enable statisticians to provide users with data that are as timely and accurate as possible. According to the '[ESS guidelines on revision policy for PEEIs](#)', routine revisions (or current revisions) are changes in published data which are related to the regular data production process. They encompass all changes in national accounts estimates for a particular period from the first to the final estimate. These revisions are usually based on the availability of new information from data sources and limited to most recent periods (quarters or years) with the aim to progressively improve the accuracy of estimates. While routine revisions are normally published according to a pre-announced revision policy and calendar, there can also be ad hoc revisions to correct errors.

Benchmark revisions are coordinated major revisions, which may lead to substantial revisions of estimates over the entire time series. They should be carried out at least once every five years to incorporate new data sources and/or major methodological changes. This is notably the case when new compilation standards are introduced to better capture important economic developments and respond to new user needs. While changes in legal transmission requirements for the 2024 benchmark revision are limited to relatively few changes introduced following an ESA 2010 mid-term review, a fundamental review of international standards is currently ongoing, and more substantial changes are expected for the subsequent coordinated benchmark revision in 2029.

What is the Harmonised European Revision Policy (HERP)?

Given the particular importance of coherent and comparable data for EU policy uses, a [Harmonised European Revision Policy \(HERP\)](#) covering both benchmark and routine revisions was developed by Eurostat and the ECB in close cooperation with national statistical institutes and national central banks, to guide compilers of national accounts and balance of payments statistics. The aim is to ensure coordinated and consistent revisions between the statistical domains within each country and across the EU as user needs, legal requirements, methodological manuals and compilation methods change.

In 2019, Eurostat published [practical guidelines for revising ESA 2010 data](#), which summarised discussions over many years. The handbook brings together recommendations on data revisions that were developed through different fora at different times. It is also an effort to translate these consolidated recommendations into concrete practices to ensure accurate, reliable, consistent and comparable national accounts and balance of payments statistics.

Even though adherence to HERP is not legally binding, its voluntary implementation by the Member States has progressed, and Eurostat is regularly monitoring this aspect in its [annual quality reports of ESA 2010 data transmissions](#) and [quinquennial reports to the European Parliament](#).

Which properties should benchmark revisions fulfil in accordance with HERP?

Since users expect consistency and comparability of national accounts and balance of payments data within countries, between domains, and across countries, a main recommendation for benchmark revisions is to achieve overall consistency of compilation results.

According to HERP a revision is defined as a ‘benchmark revision’ when:

- all ESA 2010 tables are aligned – although in practice this may not be fully achieved due to varying deadlines for reporting ESA tables. Tables delivered with longer transmission delays may incorporate changes made since the first results of the benchmark revision were disseminated.
- time series cover a large number of years (starting in 2000 or 1995 – depending on the requirements in the ESA 2010 TP – or further back), and in any case more than the 4-year depth defined for routine revisions during any quarter other than the third quarter;

- all pending classification issues, for example regarding units, have been resolved/implemented; major changes in data sources or in compilation methods, if required, have been implemented;
- errors identified at an earlier stage have been corrected – if not done concurrently.

Although consistency between domains (non-financial accounts and financial accounts, national accounts and rest of the world accounts as well as balance of payments and international investment position (BOP/IIP) is the ultimate aim for every coinciding publication, this consistency should at least be reached during the dissemination of the results of a (harmonised) benchmark revision.

II. Expected main changes and impacts

Which changes are introduced by the amended ESA regulation?

The 2024 benchmark revisions will combine a number of typical and specific expected changes. A particular requirement for the 2024 benchmark revision is the implementation of the [amended transmission requirements following an ESA 2010 mid-term review](#) which came into force on 25 April 2023 and are applicable from 1 September 2024 onwards (unless derogations were agreed). One main change is the introduction of a new classification for household final consumption breakdowns in national accounts ([Coicop 2018](#)), which is expected to change the composition of some breakdowns, but not total household consumption. In addition, there are some improvements of the completeness, timeliness, consistency and composition of specific main aggregates, sector accounts or government finance statistics data sets that were introduced in response to user and policy needs.

Which changes in sources and methods should be considered?

Typical objectives of benchmark revisions are to incorporate new data sources and changes in statistical compilation processes where needed. In 2024, it is expected that countries will put specific attention on the impacts of the COVID-19 pandemic, which may have affected the accuracy and stability of estimates.

Specific improvements in sources and methods should include the implementation of globalisation-related improvements of the accounts as a follow up of work on multinational enterprises including the [Early Warning System](#) and the integration of improved source data, such as business statistics and social survey data after updates of the framework regulations ([EBS/IESS](#)) and the [2021 population census](#).

Which specific improvement recommendations should be addressed?

According to countries' initial feedback, major work in the context of the benchmark revision is planned to improve adherence with ESA methodology by addressing open action points and reservations from the [verification of gross national income used in the determination of EU own resources \(GNI OR\)](#) and implement updates required for government finance statistics in accordance with the latest version of the Manual for Government Deficit and Debt ([MGDD 2022](#)). Some countries will also aim to address

recommendations made during country visits related to the quality assurance of statistics underlying the [Macroeconomic Imbalances Procedure \(MIP\)](#).

Moreover, Eurostat expects that analyses and recommendations of recent national accounts improvement projects are taken into account when preparing the 2024 BM revision. These concern in particular recommendations of a Task Force regarding the further harmonisation of estimates for fixed capital stocks and depreciation (which can affect GDP levels if non-market production is concerned), in-depth analysis of national accounts volume estimates using (mainly) implicit deflators (which can affect GDP growth rates), and also emerging recommendations in the context of an ongoing analysis of employment aggregates, which aim to improve employment estimates.

[Which other improvements and consistency requirements should be met?](#)

Countries should resolve outstanding compilation and technical errors if not done concurrently, integrate previous partial improvements over the entire time series and aim to enhance the overall coherence and comparability of different datasets. Here, countries should notably consider recommendations on improving cross-domain consistency and ensure a maximum degree of coherence and consistency within and between national accounts datasets and with balance of payments statistics, across the longest possible time series.

The [handbook on Consistency of ESA 2010 based national accounts](#), published in 2020 aims to support compilers' efforts to improve the consistency of national accounts. It contains definitions, explanations, recommendations and examples of good practice under the ESA 2010 Regulation that aim to ensure that the output of national accounts compilation is numerically consistent. Similarly, [consistency between national accounts and balance of payments is, in principle, expected and monitored](#).

[Will there be an impact on key variables including GDP?](#)

Reflecting the review and improvement of estimates in different areas outlined in the previous sections, the 2024 benchmark revision is expected to have some impact on key macroeconomic variables, including headline indicators published in Eurostat news releases such as government debt, net lending and borrowing, GDP and GNI. However, the importance of different types of changes is expected to vary across countries, and the impact on different variables at country level and/or the overall impact on European GDP and other aggregates is very difficult to predict at this stage, as detailed compilation is ongoing. While preparations for the 2024 benchmark revision and its communication strategy started already in 2022, and Eurostat gathered information on main working areas and benchmark characteristics in 2023 via questionnaires (partly jointly with the ECB), this information is still preliminary. Countries indicated that it will be very difficult to anticipate the combined impact of different changes on GDP levels, growth rates or specific aggregates significantly before data release.

III. Implementation and communication aspects

Which countries should participate in the 2024 benchmark revision?

In accordance with the principles of the HERP, fully co-ordinated implementation across the European Statistical System and the European System of Central Banks is an explicit goal for benchmark revisions. All EU and EFTA countries were therefore expected to participate, and EU enlargement countries encouraged to participate if possible.

EU and EFTA Member States should officially announce their benchmark revision to Eurostat (in line with [good communication practices recommended for ESA 2010 revisions](#) and [CMFB guidelines](#)) and provide additional details on planned release dates, expected impacts and possible particularities.

Even though recommendations of the HERP are of a voluntary nature, and countries followed more diverse revision schedules in the past in relation to national constraints and/or priorities, there is a clear commitment to move to fully coordinated benchmark revisions. Eurostat has therefore urged EU Member States to participate in the 2024 benchmark revision to support the overall coherence and comparability of data across the EU and derived European aggregates.

What is the difference between reference and benchmark year?

In accordance with the [practical guidelines for revising ESA 2010 data](#), benchmark revisions are usually also associated with a change in the index and/or reference year for the publication of chain-linked volume time series, i.e. the year where the index is set to 1 or 100, and chain-linked volumes are equal to current price levels. Since the choice of reference year does not affect the comparability of volume growth rates, the practice is not fully harmonised across countries.

While most countries plan to move to 2020 as their new reference year, in line with the convention to use reference years ending with '0' and '5', some countries use other approaches, such as moving to a more recent reference year each year. Eurostat will therefore continue to offer several standardised reference years (including 2020) in its online database for the convenience of users.

Many countries may choose a "benchmark year" when implementing benchmark revisions, which is the year for which they make a particularly in-depth analysis of the data. While this could have been 2020 (as the latest year for which final accounts are compiled) most countries indicated that they would use 2021 and/or 2019, as the COVID 19 pandemic affected data in 2020.

When will countries and Eurostat start publishing revised data?

In line with legal requirements specified in the [amended ESA 2010 regulation and transmission programme](#), it is expected that most countries will implement the benchmark revision in September 2024, starting with annual main aggregates and other annual datasets due nine months after the reference period (t+9 months). Quarterly data should normally also be updated at the same time. Only for annual

datasets with later transmission deadlines (such as regional accounts, asset stocks and balance sheets or supply-use and input-output tables) implementation can follow until December 2024.

Following countries data transmissions, Eurostat will apply its usual data processing, validation and publication routines, which vary depending on the dataset. For instance, annual and quarterly main aggregates are typically released one to three working days after transmission, while sector accounts or government finance statistics are published at specific points in time.

In relation to established national release schedules, some countries will however implement their benchmark revisions somewhat earlier, starting as early as May 2024 in some cases. Accordingly, the incorporation of updated country data in European estimates and news releases will be progressive, following [Eurostat's established release calendar](#), starting with [quarterly and annual main aggregates](#) in June 2024.

What further information on the benchmark revision will be published?

As a follow-up to this overview, Eurostat plans to publish additional information to support a coordinated ESS communication strategy on the 2024 benchmark revision. This will notably include overviews on main data release dates, expected GDP impacts and explanations on possible particularities, such as series breaks and/or major inconsistencies between domains. Information linked to national releases will also be published as it becomes available. Users are therefore invited to regularly visit Eurostat's [ESA 2010 revision webpage](#) to obtain further information on the progress of the 2024 benchmark revision.