



EUROPEAN CONFERENCE ON QUALITY IN OFFICIAL STATISTICS 2024 ESTORIL - PORTUGAL

A novel Asymmetry Resolution Mechanism for solving asymmetries in International Trade in Services: methods and practices

Marios Papaspyrou ¹, Georgios Papadopoulos ²

¹ *Eurostat, Luxembourg – marios.papaspyrou@ec.europa.eu*

² *Eurostat, Luxembourg – georgios.papadopoulos@ec.europa.eu*



Asymmetry resolution mechanism for ITSS (ITSS-ARM)

- **Longstanding** quality issue, hindering the good use of official statistics
- Reducing the **credibility** of official statistics
- Asymmetries in services are **significant**
- Explicit **mandate** of the ESSC (DGINS 2019 Bratislava)
- The ITSS-ARM aims at **resolving** the asymmetries, i.e. changing data
- Inspiration from the **FDI-ARM**, taking note of specificities of trade in services



Complexity of Asymmetries in ITSS

- Total Services (S) is the sum of 12 main EBOPS items (SA, SB, ...SL). One asymmetry case in Total Services (S) can translate to several asymmetries in various EBOPS items.
- Each EBOPS item can be compiled differently (estimation models, frontiers surveys, payment statistics, business surveys).
 - Variations of methods exist naturally across countries.
 - Variations of methods can also exist between credits and debits, even for the same reporting country (even for the same EBOPS item).
- Counterpart name is generally not collected. Difficulties in identification of the root cause of the asymmetry; slow-down of the resolution process.



ITSS – ARM. An overview of the approach.

- Focus on **intra-EU** cases, publicly available data.
 - In 2020 (2021 vintage), for intra-EU ITSS there were about € 250 billion bilateral asymmetries.
- Need to prioritize: Eurostat **scoreboard** methodology
 - A balanced approach – all MSs involved at least once and maximum twice.
 - A practical approach – size of asymmetry *and* trade volume.
- **15 country pairs (corresponding to 24 cases)** selected in March 2022
 - Selection updated regularly, not a one-off exercise
- Countries need to take the lead
 - Active participation of the MSs' experts is crucial for success
 - Eurostat facilitates and offers support (technical, methodological, etc)



Follow-up process.

- Eurostat prepares a briefing note (so called Asymmetry Briefing Note (ABN)) for each selected asymmetry pair. Basis for discussions in the trilateral meetings.
- Eurostat provides exchange platforms to facilitate secure data/info exchange between the countries specifically for ITSS-ARM.
- ABN will be regularly updated - it will contain analyses on possible causes for the observed asymmetries, suggested solutions, next steps, etc.
- Further trilateral meetings are organized if needed.
- Eurostat regularly reviews the selection; resolved cases are replaced with new emerging ones. The process continues for the retained and new cases.



Overview of the progress made.

- For several cases, the solution has been found and data have or will be corrected. Recommendations by Eurostat are provided when there is a clear way forward.
- Solved cases are replaced with new ones. Trilateral follow-up meetings are being organised by Eurostat for the retained and new cases.
- Reinforcement strategy. Feedback the mechanism with all acquired knowledge:
 - A Workshop on ITSS Asymmetries took place in November 2023.
 - Best practices and lessons learnt from the ARM process are collected and shared.
- One more data transmission (vintage 2023) is available: new angles to view the data and the asymmetries.



Change of Overall Asymmetry: Ref. year 2020 (vintage 2021 vs vintage 2023)

	Num of Cases	Total abs. nominal asymmetry 2021 vintage (billion €)	Total abs. nominal asymmetry 2023 vintage (billion €)	Asymmetry change 2023 -2021 vintage (billion €)	Relative Change 2023 – 2021 vintage (%)
ARM cases	24	54	47	-7	-13.0%
Other cases	678	196	188	-8	-3.9%
Total	702	249	235	-15	-5.9%

- For the ITSS-ARM cases: 13.0% improvement.
- For the non ITSS-ARM cases: 3.9% improvement.



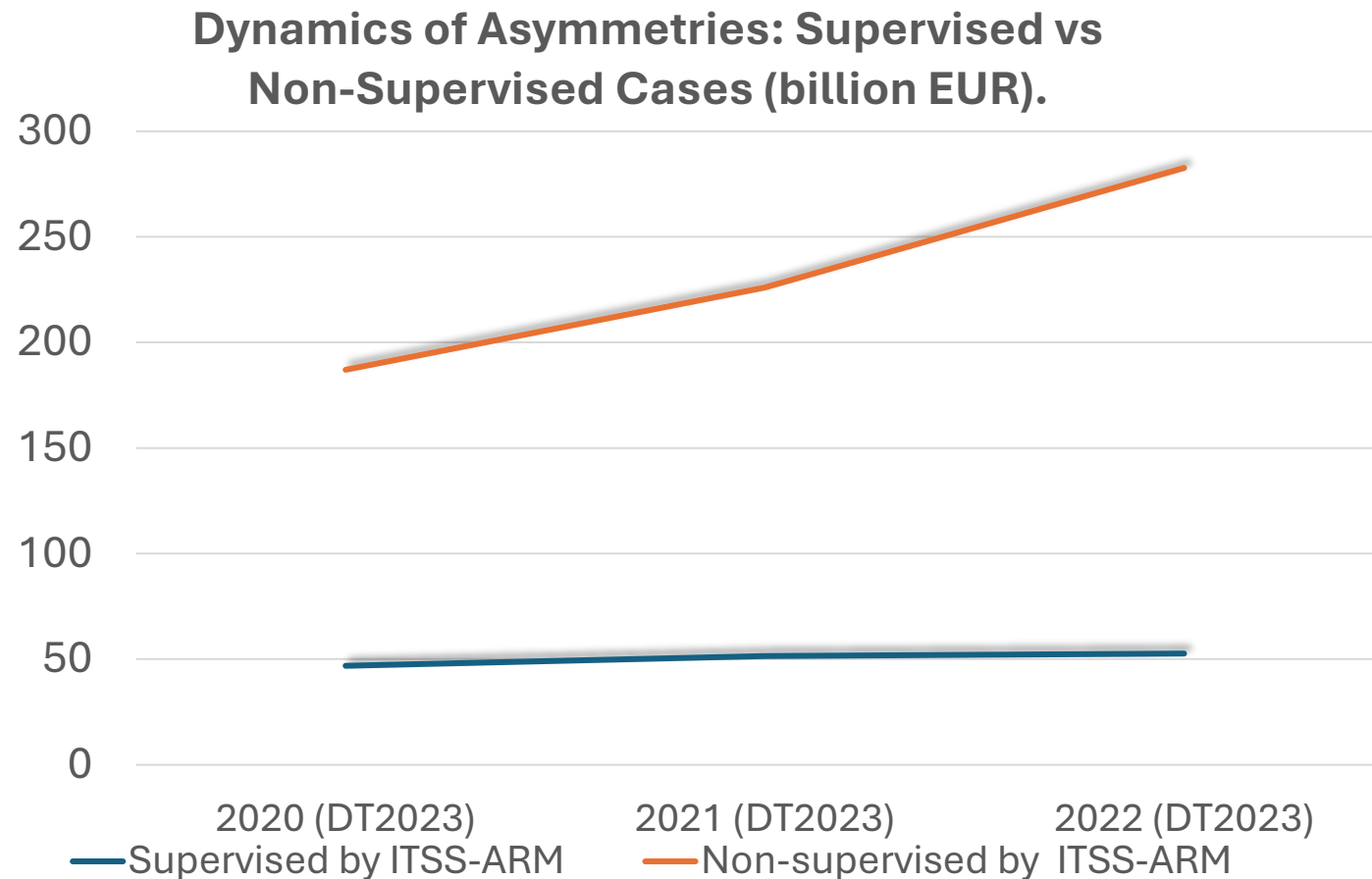
ITSS ARM vs other cases. Reference years 2020, 2021 and 2022, based on the 2023 vintage.

	Number of Cases	Sum of absolute nominal asymmetries (billion €)			Relative Change 2020-2021	Relative Change 2022-2020
		2020	2021	2022		
ARM cases	24	47	51	53	9.8%	12.4%
Other cases	659	187	226	283	20.9%	51.1%
Total	683	234	277	335	18.6%	43.4%

- The latest vintage (2023) contains the most up-to-date information for the pairs. We refer to cases with common flag status for all reference years.
 - For the ITSS – ARM cases: 12.4% deterioration for 2020-2022.
 - For the non ITSS – ARM cases: 51.1% deterioration for 2020-2022.



Dynamics of Asymmetries: Supervised vs Non-Supervised Cases (billion EUR)





Conclusions:

- Some asymmetry cases have been resolved. New cases have been selected based on the reference year 2022 and the availability of countries.
- Due to ITSS compilation complexities the resolution process can be slow. Asymmetries tend to be structural. Some countries will proceed to identified revisions on the benchmark revision year (2024).
- The overall asymmetry for ARM cases seems to decrease faster - or to increase slower - with time, than for non-selected ones.
- Accumulation of knowledge of best practices and “*how my partner compiles mirror data*”.
- Foster a “*cooperative*” culture among Member States in the compilation of ITSS statistics to resolve or prevent bilateral asymmetries.



EUROPEAN CONFERENCE ON QUALITY IN OFFICIAL STATISTICS 2024 ESTORIL - PORTUGAL

Thank you for your attention !