



Luxembourg, 31 July 2020

# Impact of the COVID-19 outbreak on national accounts

## Questions and answers

*This note will be updated as needed to reflect developments of the outbreak, data releases and user questions*

### 1. What is the impact of the COVID-19 outbreak on national accounts?

The COVID-19 outbreak in Europe has severe economic impacts that are reflected in national accounts estimates from 2020Q1 onwards. Government restrictions imposed on the movement of people and non-essential economic activities do not only affect specific aggregates in different ways, but also have implications for the quality and availability of many source data normally used in the estimation process. This poses unprecedented challenges to national compilers, who have not only to carry out their estimates with more limited information than usual, but also work under difficult personal and working conditions.

### 2. Is there a coordinated action at European level to address the challenges?

Yes, Eurostat and Member States are working together to provide the best possible statistics to users. In the area of national accounts, Eurostat is providing [guidance](#) on relevant methodological and data compilation aspects. There is a common commitment to full transparency in terms of information on the COVID-19 effects and communication to users.

### 3. What changes are being introduced in the methods and sources for the European aggregates?

Regarding European aggregates estimates, no change in methods is foreseen. They are calculated with the data provided by national statistical institutes (NSIs), using imputation methods when information is missing. The methods for European GDP and employment estimates as well as national compilation methods are documented on the dedicated webpages for [GDP](#) and [employment](#).

**4. National governments are taking exceptional economic measures to support businesses and households. How are they taken into account for the production of national accounts figures?**

Eurostat is coordinating the harmonised recording of exceptional economic measures in national accounts across the EU Member States according to the established rules set out by the [European System of Accounts 2010](#) (ESA 2010). Eurostat has addressed the treatment of government support measures to businesses and households and produced notes on other issues. These guidance notes are mainly aimed at national accounts compilers in NSIs. They are publicly available at the [COVID-19 support page for statisticians](#) at Eurostat website and will be reviewed and/or complemented if needed.

**5. Are data sources of national accounts impacted by the outbreak and how are Eurostat and NSIs dealing with this?**

In most countries, GDP is estimated independently from the output and expenditure approaches, complemented by the estimates of income related data. GDP estimates are based on a multitude of sources such as short-term business statistics, international trade and balance of payment statistics, as well as administrative data. At national level, data sources are affected by the outbreak. This articulates in delays in the availability of usual sources (e.g. tax data, financial statements, etc.) as well as lower quality of source data due to disruptions in data collections (e.g. surveys relying on physical presence of operators, lower than usual response rates, etc.).

In terms of mitigating efforts, national accounts departments work in close cooperation with other statistical departments and national administrations to determine the impact on sources and obtain information on any quality issue they are facing. They also integrate alternative or complementary sources that are used to improve the estimation process and adapt their estimation and modelling techniques where needed. In that respect, Eurostat is publishing country specific metadata for the [affected quarters 2020Q2](#) and [2020Q1](#) on the [website](#) to provide information on how national estimates have been impacted by the COVID-19 pandemic. In addition to this, Eurostat has prepared an analytical [Statistics Explained article](#) explaining [the impact of the COVID-19 crisis on main GDP aggregates including employment](#).

**6. Will Eurostat and Member States publish national accounts data on time?**

Yes, as part of the coordinated actions within the European Statistical System, Eurostat and Member States have prioritized the national accounts publications, as data reflecting measures undertaken by governments and their impacts on corporations and households will be of high user interest.

Eurostat also aims to publish all data, news releases and other publications on time as pre-announced in the [release calendar](#). Member States are making their best efforts under the difficult circumstances and are announcing their plans on their websites ([list of NSIs](#) and for Belgium, the [National Bank of Belgium](#)). In line with the subsidiarity principle, they take their own decisions on national publications.

**7. Will the quality of national accounts data be affected and where could I find information on that?**

Higher revisions than usual are expected with the subsequent updates of national accounts. Firstly, this was observed for the quarterly data for 2020Q1 when the COVID-19 crisis spread across Europe and when governments took confinement measures at different points in time, mostly in March. These data has already shown the impact of the crisis. Secondly, the quarterly data for 2020Q2 are even more exposed as the difficulties to run statistical surveys and administrative data collections will affect the entire reference quarter. In addition, national measures to lift the restrictions were implemented gradually and at a different pace in each country. It is not known if new restrictions will need to be re-introduced. Finally, there is a risk that annual data usually published around September-October may be influenced too.

COVID-19 specific information on data quality will be available at national websites ([list of NSIs](#) and for Belgium, the [National Bank of Belgium](#)) and, in a summarized form, at Eurostat website ([here](#) and [here](#)).

**8. Will European GDP estimates be reliable?**

As a rule, GDP estimates are based on established sources and estimation techniques, which have been tested and evaluated carefully. So far, three releases of European GDP estimates for 2020Q1 took place on 30 April, 15 May and 9 June (link to [news releases](#)), as well as database release on 20 July 2020. They have not shown higher revisions than usual. The flash estimates were based on the same number of contributing countries both for the EU and the euro area. The regular estimates at 65 days after the reference quarter are based on a full set of country data. Between the first flash release and the first regular estimates, the GDP quarter-on-quarter growth rate for the euro area was revised by +0.2 percentage points (from -3.8% to -3.6%) while the EU GDP - by +0.3 percentage points (from -3.5% to -3.2%). With the database release on 20 July 2020, the estimates were confirmed.

**9. How could I understand that a national accounts aggregate is of lower reliability?**

Data of lower reliability published by Eurostat in its news releases and in [Eurobase](#) would carry the 'u' flag. The use of other data flags such as 'p' for provisional and 'e' for estimated will continue. The aim is to use the flags consistently in national and Eurostat publications when needed, but countries' practices currently vary. Eurostat has released [guidance](#) on the publication and transmission of national accounts data and metadata in the context of the COVID-19 crisis. Additional summarized information is available in the [country specific metadata for the latest quarter 2020Q2](#) and for [2020Q1](#) on Eurostat website. Metadata are accessible from each data table.

**10. How and when the deteriorated quality will be improved?**

Crisis restrictions are being lifted gradually and that problems in data sources are progressively resolving. National accounts compilers should aim to ensure that there is no delay in the release of updated figures. For European aggregates, Eurostat will follow its usual release schedule announced in the [release calendar](#) (see specifically

the calendar of [main aggregates updates](#)). Regarding GDP, updated estimates are already available for several Member States and for the European aggregates.