



**STATISTICAL OFFICE OF THE EUROPEAN COMMUNITIES**

**12th meeting of the  
Voorburg Group on Services Statistics**

**Copenhagen  
15-19 September 1997**

session 4

**A Work Plan on Satellite Accounts for Distributive Trade**

*Document by Marco Lancetti*

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***Abstract: The purpose of this document is to inform the Voorburg group of some recent developments in the Community's policy, that will lead the Commission to improve and accelerate the harmonisation of the calculation of the GDP in real terms, and of its main components for all the member States of the European Union. These developments will have dramatic influence on the measurement of quantities and prices for the services activities.***

***In the present initial phase of the works, Eurostat asks the participants to this group to be informed of their experiences in these fields, and would be very much interested in devoting a special session to this subject during the next meeting in 1998.***

## I. The Amsterdam Pact for Stability and Growth: impact on services statistics.

After the adoption of the pact for stability and growth in Amsterdam a Commission Declaration has been approved which asks for an increasing level of harmonisation of the National Accounts aggregates (in particular the real GDP). The impact of this declaration on services statistics could be two-fold: the need for good quality and available services statistics (based on regulation 58/97) will increase. On the other hand, efforts will be undertaken towards a harmonised treatment of prices and volumes in the services sectors.

Indeed, while the member States correctly estimate the GDP at current prices (used in the frame of the convergence criteria), the calculation of the GDP in real terms (at constant prices) is dependent on the availability of reliable and comparable data on the prices of its components. Each country has its own calculation method for the GDP at constant prices, leading to very heterogeneous results. In order to improve the quality of these calculations, the National Statistical Institutes will have to undertake big harmonisation efforts in the field of price statistics for the services sector which represents a considerable share of the European economy (close to 60% of the GDP), but for which statistical information is scarce and not fully comparable.

- II. For the needs of economic policy, this means that the statistical measurement of services is going to gain growing importance. **However, there cannot be a true and objective measurement of the production and the value added of the services sector without checking the coherence and the exhaustiveness of the data in the frame of the national accounts.** Indeed, services activities are difficult to measure due to the vast number of units involved (enterprises, establishments, economic activity local units) and because of the existence of a big tax evasion or fraud, and also the presence of sectors of informal economy.
- III. Hence the importance of improving the links between the developments of national accounts and enterprise statistics on services thanks to a “satellite accounts” approach. This approach would be undertaken for the majority of the main services activities: trade, hotels and catering, business services, information and telecommunication services. Linked to the central system of accounts, such a satellite accounts system would generate a more reliable observation and a more detailed description of their activities.

As an example, we present hereafter the guidelines of a programme aimed at setting up satellite accounts for the internal trade.

## IV. Satellite accounts for domestic trade: objectives and content

The satellite accounts for trade would therefore have two objectives: to contribute towards improving the treatment of trade in the central account and to provide as accurate and detailed a description as possible of what is a complex and important sector.

Here are some examples of the goals which can be set for a “trade” satellite account:

- **Breakdown of the central account**, which in general only calculates value added and employment for trade as a whole. It will be possible to draw up sub-sectoral accounts for:
  - motor trade and repairs      1 or 2 sets of accounts
  - intermediaries                      1 set of accounts

- wholesale trade proper      4 to 6 sets of accounts
- retail trade                      4 to 6 sets of accounts

For each of these subsectors, the components of a short production and operating account would be determined. These would comprise: turnover, stocks, production, value added, personnel costs, gross operating surplus, investment or gross margin.

**- Analysis of trade activity by reference to turnover:**

- by group or, if necessary, by NACE class
- by product, going beyond the level of detail provided for by the EU Regulation
- by form of sale, according to a classification to be defined by country and zone; this is the basis for studies of trends in market shares
- by size class (employment, turnover, sales areas)
- by type of local units
- finally, according to various criteria tailored to the needs of users.

**- “Products-sectors” matrices for sales.** These matrices make it possible to answer questions such as:

- by which sub-sectors is a given category of goods distributed?
- how do the sales of a given sector break down proportionally over different products?

**- Analysis of distribution circuits and channels;** what channels of distribution are followed by products? Are they long or short ? What margins are taken at each stage in the channel? Evaluation of margins by categories of products required for the I/OTs. This analysis should be carried out at least once every ten years.

**- Study of the main forms of organisation:** co-operation, association, affiliation, chains, franchising, etc. Measurement of their economic importance by non-significant variables, in addition to the usual ones such as number of enterprises, turnover, employment. As examples: creation of new enterprises or outlets, sales areas, investment, innovation, etc.