

Quality report 2010

Slovak Republic

Part 1: General information

1.1 Major changes and improvements to sources and methods of national accounts.

The Statistical Office of the Slovak Republic (SO SR) in comparison with previous GNI Questionnaire 2009 has carried out some improvements in the implementation of rules of the national accounts system. Major changes on the basis of GNI mission's recommendations are related to:

- recording of smuggling of alcohol and tobacco as the one of the illegal activities into national accounts in the whole time period, effect on GDP is listed in table in the end of this report;
- recording of claim costs adjusted for claim management costs, this change has no effect on GDP.

As regards sources and methods of national accounts compilation, GDP compiled in 2007, 2008 was adjusted on the basis of new information and more precise data; GDP in 2009 is still preliminary.

1.2. Changes in the revisions policy and the timetable for finalising the estimates; (domestic) publication date of the submitted numbers

There is no change in the revision policy and the timetable for finalising the estimates. Revision policy for national accounts is published on our website in the framework of timetable for publishing of data valid for SOSR.

1.3. Results of any investigations on the quality of GNI and its components

On the basis of the Statistical Office estimate, compensation of employees (D.1) received from RoW reached in 2009 the amount 1 523,335 mill. Euro. After years of permanent increase of numbers of workers abroad we registered decrease of their number in two consecutive years. As we predicted in the former Quality report 2009, in the first half of year 2009, when there were still present strong effects of the world economic crisis, we could observe decrease in the number of working residents abroad. This situation was particularly changed in the second

half of year 2009, when we observed slight increase in the number of working residents abroad, what could relate to fading of economic crisis' effects, but more probably it was due to seasonal labour effects in summer's months. In despite of mentioned slight increase in the number of working residents abroad in the second half of year 2009, average number of working residents abroad was approximately 25% below in comparison with the average for year 2008. There should be no big change in the situation for year 2010.

Taxes on production and imports paid to the EU institutions (D.2), which are covered by payments of own resources and by payments of VAT, have increased in 2009 to 188,443 mill. Euro. This value consists of VAT taxes in amount of 76,963 mill. Euro, of import duties in amount of 108,672 mill. Euro (from which 25 % are in exports of services) and of taxes on imports excluding VAT and import duties in amount of 2,808 mill. Euro (from which 25 % are included in exports of services).

In the year 2009, the claim to EU institutions related to subsidies on agriculture production represents the amount 54,482 mill. Euro.

Data related to D.4 for years 2008 and 2009 are preliminary estimates, which will be updated after obtaining final results from National Bank of Slovakia.

In this GNI questionnaire FISIM is allocated.

Regarding an overall impact of FISIM on GNI in previous years there was only a small change in the year 2008 and values in the time period reached following amounts: 14 079 mill. SKK in 2002), 14 244 mill. SKK in 2003, 21 209 mill. SKK in 2004, 22 261 mill. SKK in 2005, 23 739 mill. SKK in 2006, 25 279 mill. SKK in 2007 and 24 234 mill. SKK in 2008. FISIM calculated for the year of 2009 has influenced GNI in the amount of 951,916 mill. Euro.

1.4. Description of developments in major sources

As regards exhaustiveness of main data sources for the sector of non-financial corporation we can state, that the response rate for group of enterprises with

number of employees 20 slightly decreased in comparison with previous year (from 94,7% to 93,9%), but still reaches quite good level. In the group of enterprises employing less than 20 employees response rate has slightly decreased, from 51,0 % in year 2008 to 50,4 % in year 2009. Response rate of financial companies in comparison with previous year slightly decreased in accordance with slight decrease observed for response rate of insurance companies. We can also state that as in previous year there was again 100% questionnaire response rate for financial corporations dealing with financial intermediation, insurance and pension funding.

Part 2: Changes to sources and methods to final estimates

In the whole time series 1995-2008 adjustments were made related to methodological change in the recording of illegal activities, namely smuggling of alcohol and tobacco on the basis of GNI mission's recommendations. Recording of smuggling in the system of national accounts had impact on import of goods and services (P.7), household final consumption expenditures (P.3) as well as production (P.1). These adjustments slightly increased the amount of GDP and this contribution to GDP is valued in table within Part 3. Final data of National Bank of Slovakia (NBS) were reflected in item D.4 in year 2007.

Part 3: Revisions to years t-2,t-3,t-4,t-5, t-6, t-7 and t-8

Revision of annual national accounts

The Statistical Office of the Slovak Republic (SO SR) adjusted national accounts data in the whole time series 1995-2008 due to recording of the illegal activities – smuggling of alcohol and tobacco. Years 2007 and 2008 were revised on the basis of updated and more precise data. On the basis of GNI mission's recommendations the recording of claims was changed, where overall claims costs are adjusted for claim management costs. Due to non-availability of data in previous years these claim management costs have been recorded in national accounts since 2008. Because adjustments for these costs are made for production and intermediate consumption in the same amounts, impact on GDP is equal to zero.

In 2002, the effect of recording of smuggling in national accounts on production reached amount of 795 mill. SKK (26,375 mill. Euro). In the expenditure approach adjustment was reflected in imports (P.7) in amount of 902 mill. SKK (29,935 mill. Euro) and in household final consumption expenditures in amount of 1 697 mill. SKK (56,310 mill. Euro). The overall impact on GDP was 795 mill. SKK (26,375 mill. Euro).

In 2003, the effect of recording of smuggling in national accounts on production reached amount of 886 mill. SKK (29,398 mill. Euro). In the expenditure approach adjustment was reflected in imports (P.7) in amount of 1 002 mill. SKK (33,266 mill. Euro) and in household final consumption expenditures in amount of 1 888 mill. SKK (62,664 mill. Euro). The overall impact on GDP was 886 mill. SKK (29,398 mill. Euro).

In 2004, the effect of recording of smuggling in national accounts on production reached amount of 999 mill. SKK (33,148 mill. Euro). In the expenditure approach adjustment was reflected in imports (P.7) in amount of 1 129 mill. SKK (37,474 mill. Euro) and in household final consumption expenditures in amount of 2 128 mill. SKK (70,622 mill. Euro). The overall impact on GDP was 999 mill. SKK (33,148 mill. Euro).

In 2005, the effect of recording of smuggling in national accounts on production reached amount of 1 031 mill. SKK (34,233 mill. Euro). In the expenditure approach adjustment was reflected in imports (P.7) in amount of 1 168 mill. SKK (38,761 mill. Euro) and in household final consumption expenditures in amount of 2 199 mill. SKK (72,994 mill. Euro). The overall impact on GDP was 1 031 mill. SKK (34,233 mill. Euro).

In 2006, the effect of recording of smuggling in national accounts on production reached amount of 1 066 mill. SKK (35,375 mill. Euro). In the expenditure approach adjustment was reflected in imports (P.7) in amount of 1 206 mill. SKK (40,024 mill. Euro) and in household final consumption expenditures in amount of

2 272 mill. SKK (75,399 mill. Euro). The overall impact on GDP was 1 066 mill. SKK (35,375 mill. Euro).

In 2007, the effect of recording of smuggling in national accounts on production reached amount of 898 mill. SKK (29,799 mill. Euro). In the expenditure approach adjustment was reflected in imports (P.7) in amount of 1 018 mill. SKK (33,804 mill. Euro) and in household final consumption expenditures in amount of 1 916 mill. SKK (63,603 mill. Euro). After incorporation of updated and more precise data, including recording of smuggling of alcohol and tobacco, the overall effect of revision on production was in amount of 8 551 mill. SKK (283,857 mill. Euro) and on intermediate consumption in amount of 8 312 mill. SKK (275,909 mill. Euro). The overall impact on GDP was 239 mill. SKK (7,948 mill. Euro).

Property income (D.4) has changed in 2007 on the basis of new data obtained from National Bank of Slovakia due to regular data revision of related data. Figures are shown in the following table (in mill. SKK):

Code	Item	Uses	Resources
		2007	2007
D.41	Interests	759	1 403
D.421	Dividends	-5 352	3 483
D.43	Reinvested earnings from FDI	1 775	1 133
	Change of D.4 total	-2 818	6 019

In 2008, the effect of recording of smuggling in national accounts on production reached amount of 959 mill. SKK (31,824 mill. Euro). In the expenditure approach adjustment was reflected in imports (P.7) in amount of 1 088 mill. SKK (36,103 mill. Euro) and in household final consumption expenditures in amount of 2 047 mill. SKK (67,927 mill. Euro).

After incorporation of updated and more precise data, including recording of smuggling of alcohol and tobacco, the overall effect of revision on production was in amount of -6 416 mill. SKK (-212,973 mill. Euro), on intermediate consumption in amount of 145 mill. SKK (4,809 mill. Euro), on taxes minus subsidies in amount

of 121 mill. SKK (4,017 mill. Euro). The overall impact on GDP was -6 440 mill. SKK (-213,765 mill. Euro).

Impact of recording of smuggling of alcohol and tobacco in the system of national accounts of Slovak Republic on GDP is valued in below table (2002-2008 in mill. SKK; 2009 in mill. Euro):

Sector	Item	2002	2003	2004	2005	2006	2007	2008	2009
S.2	P.7	902	1 002	1 129	1 168	1 206	1 018	1 088	32
S.14	P.3	1 697	1 888	2 128	2 199	2 272	1 916	2 047	60
impact on GDP		795	886	999	1 031	1 066	898	959	28
GDP		1 108 838	1 223 476	1 360 532	1 485 640	1 659 368	1 854 406	2 018 661	63 051
% of GDP		0,072	0,072	0,073	0,069	0,064	0,048	0,047	0,044