

Compendium

# Statistics for international purposes

How the EU uses national accounts data in the calculation of gross national income, used to set the EU budget and member contributions.

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# 1 . Introduction

Data comparability between countries is crucial for administrative and economic purposes. The UK provides data to a range of international organisations, including the International Monetary Fund (IMF) and the Organisation for Economic Co-operation and Development (OECD).

The EU also uses UK National Accounts data. Gross national income (GNI) is one of the four measures used by the EU and is calculated in accordance with the European System of Accounts (ESA). GNI is used to set the EU budget and to calculate part of member states' contributions to the EU budget. It is based on ESA 2010.

The following sections outline how the EU use our data.

## 2 . UK transactions with the institutions of the EU

Table 11.a shows payments that flowed between the EU and the UK prior to the UK leaving the EU. The first part of the table shows the payments that flowed into the UK in the form of EU expenditure. The second part of the table shows the UK contribution to the EU budget, which depended on UK gross national income (GNI).

An explanatory article detailing the UK contribution to the EU budget was published on 30 September 2019. A further dataset with usage notes was published on 9 December 2021 that explained differences between the UK GNI as published in the annual national accounts and the UK GNI used to calculate UK budget payments to the EU, known as GNI for EU own resource purposes. From Blue Book 2022, the content of the 9 December 2021 publication has been incorporated in Section 4: Calculation of UK GNI for UK own resource: 2010 to 2020.

Under the EU withdrawal agreement, the UK continues to make payments towards the EU budget for years up to 2020. Contributions are still to be finalised for the years 2010 to 2020 for both the UK and the EU member states (MS). This may mean additional payment flows between the UK and EU after 2020.

### 3 . Data to monitor government deficit and debt

The convergence criteria for the Economic and Monetary Union (EMU) are set out in the 1992 Treaty on European Union (The Maastricht Treaty). The treaty, plus the Stability and Growth Pact, require member states to avoid excessive government deficits – defined as general government net borrowing and gross debt as a percentage of gross domestic product (GDP). The treaty does not determine what constitutes “excessive”. This is agreed by the Economic and Finance Council (ECOFIN).

Member states report their planned and actual deficits and the levels of their debt to the European Commission. Data to monitor excessive deficits are supplied in accordance with EU legislation. While the UK is no longer in the EU, data on UK government debt and deficit are still compiled and are consistent with previous releases.

The UK published the estimates of UK government debt and deficit in Table 11.a in October 2022.

Table 11a: General government deficit, UK, calendar years 2015 to 2021

<b>General Government deficit 2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	<b>2021</b>	
Deficit (£bn)	87.8	65.6	51.5	48.6	54.6	279.2	186.1
as % GDP	4.6	3.3	2.5	2.3	2.4	13.2	8.2
<b>General Government debt</b>							
Debt <sup>1</sup> (£bn)	1,683.90	1,749.20	1,806.00	1,858.40	1,913.50	2,227.70	2,404.80
as % GDP <sup>2</sup>	87.7	87.5	86.6	86.1	85.5	105.6	105.6

Source: Office for National Statistics – UK government debt and deficit

#### Notes

1. Debt is recorded as at the end of December each calendar year.
2. GDP - gross domestic product.

## 4 . Calculation of UK gross national income (GNI) for EU own resource: 2010 to 2020

The Agreement on the Withdrawal of the UK from the European Union (EU) sets out, among other things, the UK's contribution to and participation in the EU budget. Article 136 states that "the applicable Union law concerning the Union's own resources relating to financial years until 2020 shall continue to apply to the UK after 31 December 2020, including where the own resources concerned are to be made available, corrected or subject to adjustments after that date".

The UK pays budget contributions to the EU for the years up to 2020. Contributions are still to be finalised for the years 2010 to 2020 for both the UK and the EU member states (MS).

The gross national income (GNI) estimates, on which a large part of calculating budget payments are based, are produced for the UK by the Office for National Statistics (ONS) and published in the Blue Book. The calculation of GNI in both the UK and the MS is subject to verification by the European Commissions' statistical arm, Eurostat. If Eurostat find an issue relating to the calculation of GNI they can place a reservation on a country's national accounts. This means that improvements to data sources, methods or both may need to be implemented. The UK was initially subject to 23 reservations; 18 issues specific to the UK and five transversal issues applied to both the UK and all MS. However, the first six of these reservations have now been lifted (four specific reservations and two transversal reservations). Many MS also had a large number of country specific reservations, mostly because of a major verification of sources and methods following the adoption of a new accounting framework in 2014 (the European System of Accounting (ESA) 2010).

In the current GNI verification cycle, the earlier years still open for recalculating EU budget payments are now "time-barred" except for revisions related to the reservations. The GNI data released by the ONS in the annual national accounts, often include routine revisions to methods and source data that impact the UK published GNI estimates. These routine revisions must be excluded from GNI data notified to Eurostat (known as GNI for Own Resource purposes) in the years that have become "time-barred". This is a standard practice and also applies to all MS.

In line with one of the remaining transversal reservations, the ONS has begun work on addressing globalisation issues in the UK accounts. That is essentially a detailed review of how multi-national enterprises are treated in the national accounts. Initial impacts from assessing a limited number of multi-nationals are now available and are required to be used in the calculation of UK GNI for Own Resource purposes (GNI OR). This particular reservation only allows GNI OR to be adjusted in the years 2018 to 2020.

Further work on refining and enlarging adjustments for globalisation issues is scheduled to take place over a number of years. At an appropriate point, these adjustments will be integrated into the calculation of published UK gross domestic product (GDP) and GNI and may impact earlier periods, avoiding data discontinuity. At that point, the adjustment on GNI OR would switch to the years 2010 to 2017 if applicable, since that period is time-barred for this reservation. In the interim, the globalisation adjustments for 2018 to 2020 are only applied directly to GNI OR data delivered to the EU.

A further difference between published GNI and GNI OR applies to the years 2010 to 2013 when GNI OR is based on the previous international standard (the ESA 1995 accounting framework). There is a standard list of important changes between the ESA 1995 and ESA 2010 frameworks. This is used to estimate the impact of differences in definitions between them.

Eurostat publish UK and MS GNI for own resource estimates (currently only 2021 consistent data are available). Table 11.2 in the [accompanying dataset \(XLS, 43.7KB\)](#) shows the calculation of the differences between the UK GNI OR and the UK-published GNI estimates. It is produced for Eurostat each time the UK annual national accounts are updated.

We will publish a similar table in future years until all reservations are lifted. This will inevitably show further divergence between published and own resources versions of GNI.

## 5 . Cite this chapter

Office for National Statistics (ONS), released 31 October 2022, ONS website, compendium chapter, [Statistics for international purposes, UK National Accounts, The Blue Book: 2022](#)