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Unit C-3 :Statistics for Administrative Purposes

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35TH MEETING OF THE GNI COMMITTEE
22-23 NOVEMBER 2017
LUXEMBOURG, BECH BUILDING
ROOM QUETELET

OPINION OF THE GNI COMMITTEE

Item 3 on the agenda

Opinion of the GNI Committee

The GNI Committee at its 35th meeting on 22-23 November 2017 examined the GNI data transmitted through the GNI Questionnaire 2017 by the countries that were Member States before 1 July 2013 (“EU27” Member States), having regard to the following:

1. Following Council Decisions 2000/597/EC, Euratom (of 29 September 2000) and 2007/436/EC, Euratom (of 7 June 2007) on the system of the European Communities' own resources, and in particular Article 2(7) thereof, Gross National Income at market prices (GNI) according to ESA 95 is used for own resource purposes for budget years 2002 to 2013 inclusive.
2. Following Article 8(2) of the own resources Decision mentioned above, Council Regulation (EC, Euratom) 1287/2003 (the GNI Regulation) was adopted on 15 July 2003 which lays down the procedures for the forwarding and verification of GNI data and which created the GNI Committee.
3. All EU25 Member States concerned had to provide an updated or new GNI Inventory of sources and methods for the compilation of GNI according to ESA 95 by end of 2006 (except for Sweden which had to provide an updated GNI Inventory by end of 2007). Bulgaria and Romania had to provide a GNI Inventory of sources and methods for the compilation of GNI according to ESA 95 by the end of 2009. All these Member States have transmitted their Inventories. Information visits related to these Inventories have been carried out. The results of these visits have been presented by the Commission to the GNI Committee. Draft GNI assessment reports for 13 of the EU25 Member States were presented by the Commission to the GNI Committee in its 22nd meeting; the draft assessment reports for the remaining 12 were presented in its 23rd meeting. Draft GNI assessment reports for Bulgaria and Romania were presented by the Commission to the GNI Committee in its 25th meeting.
4. Following the completion of the analysis of these updated or new Inventories, the Commission in accordance with Article 10(8) of Regulation 1150/2000 placed a number of reservations on the GNI data for 2002-2010. The Member States were to complete the work related to these reservations by September 2014 or in a single case by September 2016. Eurostat assessed the work done and the Commission extended the deadline and asked the Member States to make the ultimate revisions due to reservations in the 2015 GNI Questionnaire. The verification is still ongoing for one GNI reservation. All other reservations for 2002-2010 have been lifted.
5. Pursuant to Regulation (EU) No 549/2013, Member States must transmit their regular data relating to national accounts in conformity with the European System of Accounts 2010 (ESA 2010) starting from 1 September 2014. Council Decision of 26 May 2014 on the system of own resources of the European Union (2014/335/EU, Euratom) that entered into force on 1 October 2016 specifies, in Article 2(7), the GNI based on ESA 2010 as the standard to be used for own resource purposes for the years 2014 onwards.

6. After the implementation of ESA 2010 in September 2014 and the presentation of all 27 Member States' ESA 2010 GNI Inventories in 2015 and 2016, the Commission is currently verifying the sources and methods used to calculate GNI for own resource purposes. Pursuant to Council Regulation (EC, Euratom) No 1287/2003 this verification is primarily based on the GNI Inventory, as well as on GNI information visits by the Commission and subsequent information provided by the Member States. Notwithstanding the further verification of the reliability, comparability and exhaustiveness of Member States' GNI, initial checks have revealed in some Member States imminent reliability problems concerning the compliance of the estimates with the relevant EU rules. In such cases the Commission has notified the respective Member States' authorities, pursuant to Article 10b(4) of Regulation (EU, Euratom) 609/2014 as amended by Regulation (EU, Euratom) 2016/804, that it reserves its position as to the accuracy of GNI.
7. The GNI Committee agreed on the transmission in the 2017 GNI Questionnaires and Quality Reports of data for years 2002-2009 in ESA 95 in cases of pending GNI reservations and on the transmission of data for years 2010 onwards in ESA 2010 with transition to ESA 95 GNI for the years 2010-2013. Member States are to manage the transition from the data relating to national accounts under ESA 2010 to those of ESA 95 by applying the differences of definition identified in the Manual on the Changes between ESA 95 and ESA 2010 (approved by the Eurostat Group of Directors of Macroeconomic Statistics in November 2013). In these circumstances, the verification of GNI, for years 2010-2013, according to ESA 95, requires a preceding check on the data established according to ESA 2010. After initial consistency checks of the transitional items and other revisions, this check is based on the GNI Inventories of sources and methods used by the Member States to compile their ESA 2010 GNI estimates.
8. Given the provisions of Article 10(7) of Council Regulation (EC, Euratom) No 1150/2000, as amended by Council Regulation (EC, Euratom) No 105/2009, the GNI data for year 2010 would have become time-barred on 1 October 2014 and data for year 2011 on 1 October 2015. Given the provisions of Article 10b (4) of Council Regulation (EU, Euratom) No 609/2014, as amended by Council Regulation (EU, Euratom) 2016/804, the GNI data for the year 2012 would have become time-barred on 1 December 2016 and data for 2013 on 1 December 2017. Furthermore, taking into account that Member States undertook a major revision of their national accounts, that they started using the transition items from ESA 2010 concepts to ESA 95 and that the ESA 2010 GNI Inventories were not yet assessed, the Commission, had placed process-specific reservations reserving its position as to the accuracy of all of the EU27 Member States' national accounts relating to the year 2010 in September 2014, relating to the year 2011 in September 2015, relating to the year 2012 in September 2016 and relating to the year 2013 in October 2017 to allow a detailed comparative analysis of the solutions adopted by Member States in order to ensure that the GNI-based own resource contribution from each of the EU27 Member States is determined correctly.
9. On the GNI Questionnaire 2017, the Member States have supplied GNI data for the years 2010-2016 and, where relevant, GNI data for the years under reservations 2002-2009.
10. In accordance with Article 2(3) of the GNI Regulation, the Member States provided together with the GNI Questionnaire 2017 a report on the quality of the GNI data ("Quality Report") following a fixed format, agreed by the GNI Committee.

The examination by the GNI Committee of the data supplied on the GNI Questionnaire 2017 was based on the documents and explanations provided by the Member States – in particular the Quality Reports submitted with the Questionnaire (consolidated in the document GNIC/403B and its annex and amendment) – and on the reports and analyses supplied by Eurostat (in particular in Annex 2 to this Opinion of the GNI Committee) having in mind, in particular, the following:

- the results of work to improve GNI data in previous years;
- the reliability of the sources and methods used to calculate GNI;
- the comparability of the GNI data through the use of the same definitions and accounting rules; and
- the exhaustiveness of the GNI estimates.

Based on this examination, the GNI Committee considers that considerable improvements have been made in the harmonisation and quality of the EU27 Member States' GNI estimates. It considers that, taking due account of the GNI reservations set for the EU27 Member States between January 2012 and October 2017 these data are appropriate for use for own resource purposes with respect to reliability, comparability and exhaustiveness in accordance with Article 5(2)b of the GNI Regulation. Nevertheless, the GNI Committee underlines that the improvement of the GNI calculations, and of national accounts in general, is a continuous process and stresses that research and studies should be taken further and efforts pursued with an appropriate level of resources.

Croatia has submitted GNI data for the years 2010-2016 (cf. document GNIC/403B and its annex and amendment). The GNI Committee's Opinion on the GNI data of Croatia, presented in Annex 1, is an integral part of this Opinion.

Annex 1 to the Opinion of the GNI Committee

Opinion of the GNI Committee on Croatia's GNI data

The GNI Committee at its 35th meeting on 22-23 November 2017 examined the GNI data transmitted through the GNI Questionnaire 2017 by Croatia that became Member State on 1 July 2013, having regard to the following:

1. This year was the fifth time that Croatia transmitted GNI data for own resource purposes.
2. In accordance with Article 2(3) of the GNI Regulation, Croatia provided together with the GNI Questionnaire 2017 a report on the quality of the GNI data (“Quality Report”) following a fixed format, agreed by the GNI Committee.
3. Croatia confirmed in the meeting of the GNI Committee the correctness of the data in document GNIC/403B and its annex and amendment.
4. A full GNI Inventory on sources and methods was provided by Croatia on ESA 2010 in line with the standard and agreed GNI procedures.

The GNI Committee considers that, based on this examination and in view of the fact that the full Croatian GNI Inventory on sources and methods has not yet been assessed, the GNI data of Croatia is provisionally appropriate for use for own resource purposes.

Annex 2 to the Opinion of the GNI Committee

Part 1: Indicators for the verification cycle 2016-2019

Multiannual verification	GNI OR verification cycle 2016-2019					
	2015	2016	2017*	2018	2019	2020
Number of questions or requests for additional data sent to the MS concerning multiannual verification (including in preparation of the mission)	467	2196**	4838			
GNI information missions carried out / out of it with participation of observers from other MS	21/6	8/4**	25/17			
Number of direct verifications carried out	45	7**	29			
Number of person-mission days carried out / out of it with participation of observers from other MS	162/17	64/11**	240/65			
Mission reports presented to the GNI Committee/ Action points included in the mission reports	19/0	6/14**	25/521			
Number of action points and/or reservations on which verification work was carried out during the year	227	36**	142			
Number of documents presented to the GNIC relating to the GNI verification process and methodological issues	34	36	79			
Number of general reservation points (placed/lifted/ end of year*)	0/0/2	0/2/0**	0/0/0			
Number of transversal reservation points (placed/lifted/ end of year*)	0/116/16	0/16/0**	0/0/0			
Number of process specific reservation points (placed/lifted/ end of year*)	27/0/54	27/0/81**	28/0/109			
Number of transaction specific reservation points (placed/lifted/ end of year*)	0/68/39	5/42/2**	5/0/7			
Annual verification of GNI Questionnaires and Quality Reports						
GNI Questionnaires and Quality Reports received (first submissions)	28	28	28			
Number of revised GNI Questionnaires received in the course of verification (subsequent submissions)/ Number of Member States	14/14	10/8	7/5			
Number of revised Quality Reports received in the course of verification (subsequent submissions)/ Number of Member States	32/23	31/22	27/18			
Total amount of Quality Reports pages checked (original and subsequent submissions altogether)	1292	858	721			
Number of questions sent by Eurostat to the MS in the course of verification of the GNIQ and QR	286	182	221			
Impact (for both multiannual and annual verification)						
Number of countries that revised GNI data due to their work on action points and/or reservations	22	7	8			
Number of action points and/or reservations that lead to revisions of GNI	105	18	26			

*for the current year calculated until autumn GNIC meeting

** including related to previous verification cycle

Part 2: Overview of the state of GNI OR data on which GNIC gives its opinion in 2017

	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Belgium	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Bulgaria	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Czech Republic	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Denmark	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Germany	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Estonia	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Ireland	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Greece	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Spain	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
France	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Croatia	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow
Italy	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Cyprus	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Latvia	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Lithuania	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Luxembourg	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Hungary	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Malta	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Netherlands	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Austria	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Poland	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Portugal	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Romania	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Slovenia	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Slovakia	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Finland	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
Sweden	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow
United Kingdom	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Blue	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow	Yellow

- Open years (t-1, t-2 and t-3)
- Data under reservations (any type of reservation)
- Final data, year closed

State of play of reservations
2010-2013: Process specific reservations
EL: Specific reservation 6 (2002-2010, ESA95 cycle): EL has not fully addressed the reservation
EL: Specific reservation on FISIM (2010 onwards): EL has not fully addressed the reservation (deadline 22/9/2016)
EL: Specific reservation on SBS (2010 onwards): EL has not addressed the reservation (deadline 22/9/2019)
EL: Specific reservation on Horeca (2010 onwards): EL has not addressed the reservation (deadline 22/9/2019)
EL: Specific reservation on Holding gains (2010 onwards): EL has not addressed the reservation (deadline 22/9/2017)
HR: Specific reservations (on CFC and on VAT Fraud) (2013 onwards): HR addressed the reservations; Eurostat is assessing the work done on the reservations.

Part 3: Snapshot synthesis based on Eurostat annual GNIQ 2017 checklists

	Check	Comments on MS <u>not</u> satisfying the criteria
1. Formal and numerical correctness of the tables		
1.1	Has the structure of the tables been changed (e.g. have items been removed/added/changed)?	
1.2	Are the data complete (i.e. are all data cells filled)?	1 MS: Data not delivered for some aggregates within the production approach which is not the major one
1.3	Do the numbers within each table add-up?	4 MS: due to statistical discrepancy
1.4	Do the values in Table 1b and Table 2 correspond?	
1.5	Is a Quality Report (QR) provided with the Questionnaire?	
1.6	Does the Quality Report follow the agreed structure (see doc GNIC/361)?	
1.7	Are changes bigger than 1% described in Part 1 of the QR?	<i>Positive assessment for 8 MS: in all cases a description was provided.</i>
1.8	Have all the specific and transversal reservations been addressed?	1 MS: 3 reservations have not been addressed and 2 reservations are not fully addressed.
1.9	Are the changes (impact on GNI OR) due to individual reservations in the Quality Report consistent with the revisions agreed in the course of Eurostat's verification of the countries' work on reservations for all the years under reservations? If for some reservations the revisions were not agreed for all those years please indicate which years were agreed.	
1.10	Have the improvements from the work on reservations been included in GNI data for open years 2010-2016 and the impact on GNI presented, as required by Table 2 (Revisions to "country's" GNI (ESA95 based) for 2010-2013 and "country's" GNI (ESA2010 based) for 2014 and 2015 (As percentage of GNI from the 2016 Questionnaire))?	
1.11	Have the deadlines for APs A agreed in the course of the ESA2010 verification work been respected (If not, please list the respective APs A)?	1 MS: deadline of 1 AP A was not respected
2. Consistency over time		
2.1	Are there any large and unexplained year to year changes for the different aggregates?	
2.2	Are the revisions for open years (2010-2015) to previously delivered data plausible (check extra tables with revisions against explanations in Quality Report)?	
2.3	Are the GNI revisions for closed years (2002-2009) only related to GNI reservations (where applicable)? Are they well explained in the Quality Report part 4?	
2.4	Are the effects of the allocation of FISIM correctly excluded from GNI 2002-2009 for own resource purpose?	
2.5	Is there a major level shift in GNI/GDP (more than 5% difference from the 2015 GNI/GDP level as provided in the 2017 GNI Questionnaire) for the latest year provided (2016)? If so, is it plausible and well justified?	<i>Positive assessment for 6 MS: in all cases a plausible justification was provided.</i>
3. Consistency with otherwise published NA data		
3.1	Are the GDP and GNI data for 2010-2016 consistent with NA publications of the NSI (check print and/or internet publication)?	6 MS show inconsistencies
3.2	Are the GDP and GNI data for 2010-2016 consistent with data from the Eurostat's database?	11 MS show inconsistencies or data have not yet been published
3.3	Are the P.3 (Final consumption expenditure of S.13) consistent with the corresponding data from ESA Table 2?	11 MS show inconsistencies
3.4	In case of inconsistencies indicated under points 3.1, 3.2 and 3.3, are the differences explained, including the presentation of bridge tables?	Out of altogether 16 unique MS mentioned under points 3.1, 3.2 and 3.3 in 14 cases the differences were explained, the 2 cases concern non-finalised/non-validated data.

Results of specific ad-hoc analyses or cross country comparisons

The work on the cross countries comparisons (CCC) as agreed in the GNIC is ongoing.