

CMFB opinion on the recording of Euro coins in national accounts

1. Pursuant to Article 4 of Council Decision 2006/856/EC, the Statistical Office of the Slovak Republic together with the Bank of Slovakia, requested the CMFB to organise a consultation on the statistical recording of Euro coins in the European System of Accounts (ESA2010).
2. CMFB Members were invited to express their opinion on 31 August 2018, with a deadline for the replies by 14 September 2018. Eighteen (18) national statistical institutes and nineteen (19) national central banks from the EU Member States returned the questionnaire within the specified deadline. A total of thirty-eight (38) institutions, including the ECB, expressed their views.
3. In this consultation, two questions were presented to the CMFB Members.
4. In the first question, the CMFB Members were invited to answer whether the text in box 5.2.2 of ESA2010: "*Currency issued by the Eurosystem includes notes and coins. **Notes are issued by the Eurosystem; coins are issued by central governments in the Euro area**, although, by convention, they are treated as liabilities of the national central banks which as a counterpart hold a notional claim on general government*" should be interpreted (as far as the Euro coins are concerned) in a descriptive manner (i.e. describing a general case, possibly reflecting prevailing legal arrangements) or in a normative manner (i.e. setting a definite normative criterion where by convention, euro coins always impact on government debt, regardless of national arrangements).
5. A large majority of the Members (34 out of 38) was of the opinion that the text should be interpreted in a descriptive way. This interpretation allows for the recording of the debt liability related to the issuance of Euro coins outside the government sector.
6. In the second question, the CMFB Members who replied 'descriptive' to the first question, were invited to reply if the issuance of Euro coins should be excluded from government debt if the following conditions hold: (i) the sole competence to issue Euro coins is assigned to the central bank and (ii) the central bank is the liable issuer to the extent of directly carrying the risks and reaping the rewards associated, as is the case with seignorage on banknotes, and the government has no direct financing effect from the issuance.
7. A very large majority of the Members (31 out of 34) replied that this is indeed the case.
8. Based on the outcome of the consultation, the CMFB expresses the opinion that the text in Box 5.2.2 of ESA2010 is descriptive and if the two conditions outlined in paragraph 6 hold, the liabilities related to the issuance of Euro coins should be excluded from government debt; i.e. recorded as a liability of the central bank only.
9. In addition to the publication of this opinion, all the anonymised answers to the questionnaire will be transmitted to the CMFB Members and will be kept in the records of the CMFB secretariat.

(Signed)

Kirsten Wismer
CMFB Chair

Copenhagen, 25 September 2018