

CMFB meeting
in Frankfurt on 1-2 February 2018
Minutes 7 March 2018

1. OPENING AND ADOPTION OF THE AGENDA

- (1) The Vice-Chair (who chaired the meeting and is referred to as Chair in this document) expressed best wishes for the CMFB Chair, Ms Kirsten Wismer, for a swift recovery. He welcomed participants, including on behalf of Eurostat and ECB DG-S, thanking the latter for hosting the meeting. He further welcomed newcomers (Caroline Willeke, ECB DG-S and Luca Ascoli, Eurostat), and thanked leavers for their dedicated work (Eduardo Barredo-Capelot - Eurostat, Werner Bier - ECB DG-S, Mario Borg – Statistics Malta, Emil Dimitrov –Bulgarian National Bank and CMFB EB).
- (2) Following housekeeping announcements, the agenda was adopted without comments.

2. ORGANISATIONAL MATTERS AND REPORTS

2.1. Priorities for the 2018 operational work programme in the light of the November 2017 meeting of the European Statistical Forum and of the CMFB Plenary meeting discussion (Chair)

- (3) The Chair presented the work programme items for 2018 and the progress achieved in 2017. The work programme was approved by the ESF in November 2017.
- (4) A suggestion was made to include OOH and CPPI prices indices in the programme. The Chair responded that CPPIs is being addressed by the ESF already, but that it would be discussed at the next meeting of the Executive Body as well..

3. EXCESSIVE DEFICIT PROCEDURE (EUROSTAT)

3.1. EDP activities (Eurostat), incl. an update on progress with EDP methodological issues

- (5) Eurostat presented an overview of its EDP activities since the last CMFB meeting. A member enquired about the state of play regarding the sector classification of development bank, an issue which involves many MSs. A common point of view and a harmonised treatment should be developed.
- (6) Another member enquired about the prospective consultation on Eurocoin liabilities. He also highlighted that the Annex should be corrected with regard to the summary of the outcome of the BANIF consultation.
- (7) Concerning sector classification, a member pre-announced that two cases concerning court decisions on sports federations might be brought to the attention of the CMFB.
- (8) Eurostat responded that while the impact of classifying sport federations was negligible, the issue may eventually reach national courts of justice. The ECA filed a case at the ECJ to apply ESA2010 art. 20.15 for these cases. Eurostat emphasized that the competence of national courts may be limited as compared to that of the ECJ when interpreting ESA2010.

- (9) Eurostat furthermore stated that the summary of the outcome of the BANIF consultation in the Annex would be corrected.
- (10) As regards Eurocoin liabilities, Eurostat suggested to organise a CMFB consultation after the finalisation of the ongoing legal consultations.
- (11) ECB DG-S thanked for the summary and emphasised the need for close cooperation between the two statistical systems on the issue of the developments banks.
- (12) The Chair concluded that the CMFB
 - took note of the EDP activities;
 - will follow the progress on the Eurocoin dossier and sports federation classification cases.

3.2. Guidance note on Energy Performance Contracts (Eurostat)

- (13) Eurostat presented the outcome of the survey that led (in September 2017) to the update of the pertaining 2015 guidance note. This update was requested by 21 MSs.
- (14) Some members argued that the questionnaire was not equivalent to a written consultation. The partitioning of assets should be analysed thoroughly and discussed comprehensively. Netting was also difficult to apply as Maastricht debt is a gross concept. As regards the surrounding landscape, the issue might be backed by certain industry or political interests and therefore utmost caution was justified. Incentives that allow for improvements of government buildings via EPC might not impact Maastricht debt, whereas non-EPC improvements would have a clear impact. This could provide an incentive for EPCs as opposed to regular investments. The guidance should also avoid setting a precedent on the potential partitioning of other assets. As such, it was argued that the proposed accounting treatments were not entirely in line with ESA 2010 and that after two years the introduced changes were not justified with respect to the previous version.
- (15) Eurostat explained that the survey was conducted in a fully transparent manner and that the resulting guidance note was approved by the DMES. All possible recording alternatives were proposed in the questionnaire and the guidance was a compromise based on a majority of the opinions expressed.
- (16) Eurostat furthermore underlined that EPCs are a very specific type of contract for usually very small financial amounts on which little information is often available. They furthermore concern an often complicated mixture of removable and non-removable assets. The guidance should be seen as a compromise convention which balances the ESA principle of non-partitioning of assets with the equally important ESA principle of economic ownership.
- (17) The Chair concluded that additional clarification was necessary to increase the understanding of EPCs. If the MSs request so, the issue will be reincorporated in the list of methodological issues for discussion in the MGD DTF in March 2018. It will be further discussed in the CMFB EB in May, in the EDPSWG in June and in the CMFB Plenary in July 2018. The Chair finally noted that a majority of expressed views was in favour of a CMFB consultation, with specific focus on the issue of asset partitioning, which would be prepared based on Eurostat's contributions.

4. WP ITEM I – ENSURING THE QUALITY OF STATISTICS UNDERPINNING THE MACROECONOMIC IMBALANCES PROCEDURE SCOREBOARD (SPONSORED BY VILLE VERTANEN)

4.1. ESS-ESCB Quality Assessment Report on the statistics underlying the Macroeconomic Imbalance Procedure (level 1): procedure for the 2018 report (Eurostat/ECB DG-S)

- (18) Eurostat presented the procedure foreseen for the preparation of the 2018 ESS-ESCB Quality Assessment Report on the statistics underlying the Macroeconomic Imbalance Procedure
- (19) The Committee had no comments.

- (20) The Chair thanked for the update and concluded that the Committee took note of the structure and timetable of the 2018 ESS-ESCB Quality Assessment Report on the statistics underlying the Macroeconomic Imbalance Procedure (level 1).

4.2. State of play on the alignment of the domain specific quality reports for BOP/IIP (Eurostat, ECB DG-S)

- (21) ECB DG-S presented the item.
(22) The Committee had no comments.
(23) The Chair thanked for the update and concluded that the Committee took note of the developments.

4.3. Level 3 reports: updates and publication (Sponsors)

- (24) The Sponsor, Ville Vertanen presented the item.
(25) A member indicated a correction to be made to the overview, whereas others announced the publication or the updating of their reports. A clarification was sought on the difference between the content of the national chapters of the bop book and these level 3 reports.
(26) The Chair thanked for the update and encouraged all MSs to consider publishing their level 3 reports.

4.4. Implementation of the Memorandum of Understanding between Eurostat and ECB DG-S on the quality assurance of statistics underlying the MIP (Eurostat/ECB DG-S)

- (27) Eurostat and ECB DG-S presented the state of play on the implementation of the MIP, focusing on the room document on the Terms of reference for MIP visits to Member States.
(28) The members welcomed the document and considered it a good basis for a constructive dialogue during the visits. They underlined the need for coordination with other initiatives, particularly visits in the frame of GNI and EDP, and to account for the national workload when deciding the timing.
(29) Both MSs visited during the pilot phase at the end of 2017 echoed their general satisfaction with the preparation, proceedings and outcome of the visits. Despite the workload, the benefits of the visits clearly outweighed the costs.
(30) The Chair concluded that the draft Terms of Reference for MIP visits to Member States were, in principle, a good compromise between different needs and in line with the MoU. The document was sent for written comments by the members before 1st March 2018.

5. WP ITEM II – LEGAL ENTITY IDENTIFIER (LEI) AND BUSINESS REGISTERS (SPONSORED BY ALFREDO CRISTOBAL)

5.1. State of Play on the LEI (GLEIF)

- (31) Stephan Wolf, the CEO of GLEIF, delivered the presentation.
(32) Members thanked for the presentation and appreciated the work of the GLEIF. The LEI database and daily delta files may also be useful in the ESCB RIAD environment.
(33) It was noted that the LEI renewal rate in Europe is the highest.
(34) Eurostat noted that the EGR also benefits from the LEIs as an additional information source.

5.2. Introduction of the LEI in Switzerland (Swiss Federal Statistical Office)

- (35) The representative from Statistics Switzerland delivered the presentation.
(36) A member asked about the possibility to incentivise companies to get an LEI, possibly suggesting a way to include it in the general registration process of companies. The GLEIF

representative expressed sympathy to this approach, but also added that data in administrative business registers may be of uneven quality.

- (37) A member inquired (i) if other LOUs were present in Switzerland and if there was competition; (ii) how Statistics Switzerland calculated its prices for LEI-related services; (iii) if there were plans about making the LEI compulsory.
- (38) The representative answered that there was no other LOU operating in Switzerland, even though this possibility was open. The prices used to be the lowest on the market, at the time of the meeting they were in the average range. Concerning future plans, the idea for a compulsory LEI was around but needed to be discussed further. Banks were already requesting their clients to register for a Swiss UID or a LEI.
- (39) Eurostat also noted that the LEIs registration could, in principle, become part of the standard administrative business registering process.

5.3. First views on the non-financial private sector in France (Banque de France)

- (40) The representative from the Banque de France delivered a presentation.
- (41) A member inquired about the potential benefits of the LEI for BdF without being an LOU. The representative added that financial stability could be enhanced by a common counterpart identification.
- (42) The Chair thanked all speakers for the presentations. Regulations, registers and markets seemed to be three ways of using the LEI. The CMFB EB will continue the discussion on the use of the LEI for statistical purposes and report back to the Plenary.

6. WP ITEM III: GLOBALISATION (SPONSORED BY URSULA HAVEL AND ROBERT KIRCHNER)

6.1. Update on SDDS plus (Sponsors)

- (43) Sponsors reported impressive results: 11 countries are adherent and another 16 have concrete plans to this end. They suggested that the CMFB considered closing the monitoring of adherence.
- (44) A member stated that the MS was in the process of clarifying reporting requirements concerning certain positions of the central banks, which should be resolved soon. A number of other MSs reported being close to adherence.
- (45) The Chair concluded that the CMFB welcomed the overview of the national plans and the progress achieved. The item shall be considered closed for the Committee.

6.2. Update on globalisation-related initiatives in the ESS and ESCB (Eurostat/ECB DG-S)

- (46) Eurostat and ECB DG-S representatives presented the update.
- (47) Members welcomed the detailed update and suggested greater concreteness in the implementation calendar of all initiatives concerning globalisation. Concerning the Early Warning System (EWS), some members underlined the importance of ESS-ESCB cooperation and reminded that according to the draft minutes of the 17 November 2017 ESF meeting, a joint Eurostat-ECB DG-S proposal should be discussed also in the CMFB, to this end. The cooperation around Large Case Units should be of a more permanent nature, but may be launched without a formal agreement at the beginning. Clarification on the potential scope of the exchanging data in the EWS (including with the OECD) was also requested, to be followed-up by concrete steps to address the challenges. Other views stressed that the existing legal basis can be used for exchanging publicly available information; this would already provide substantial progress. Another question required clarification on the role of SIMSTAT. Ideally, not only quantitative but also qualitative information as regards restructurings should be

exchanged, with the participation of all MSs concerned and this was free of confidentiality concerns.

- (48) The issues of measuring MNEs should also be addressed, with priority, by focusing on MNE data collections. ESS-ESCB cooperation should not only take place at European level, but also nationally, i.e. across NCBs and NSIs. Micro data exchange is essential and practical ways should be found to cover all MSs.
- (49) A member underlined the necessity of a high level of participation in the EWS in order to guarantee a successful outcome, he furthermore stated that the coordination of the necessary imputations in the different statistics is a major and difficult challenge that deserves specific reflection.
- (50) Eurostat responded that a stepwise and light approach was being followed when setting-up the EWS (i.e. for the first 4-5 cases) which will be subsequently reviewed. Eurostat would make available the basic EWS document with a number of clarifications that was already provided to the ESS Directors' Groups. The collaboration on national level was especially important for the functioning of the EWS. A clear distinction should be made between real and perceived legal barriers. For the time being, the handling of most cases remained inside the EWS and was not shared outside of the network. Concerning SIMSTAT, the technical implementation was progressing. The Globalisation TF (OECD, ECB also being members) should also look at issues which are small in one MS, but possibly material in another. A concrete proposal for the ESS-ESCB cooperation may be developed following the February 2018 ESSC meeting.
- (51) ECB DG-S added that the plea for cooperation, both on national and European level, was a step in the right direction that should be followed by more concrete measures. This type of work is essential to keep statistics fit for purpose over the coming decade. It reminded the group that Council Regulation 2533/98 enables the exchange of confidential information between the ESCB and the ESS for statistical purposes.
- (52) The bridging between business accounts and national accounts was perceived as challenging, a common knowledge base could take this matter forward.
- (53) The Chair thanked for the presentation and the fruitful discussion. The Committee expressed general support, stressed the importance of cooperation at all levels. The Eurostat-ECB cooperation proposal on EWS was invited for the July 2018 Plenary meeting. The CMFB furthermore stressed the importance of addressing globalisation in a GNI context, managing also overcoming data exchange issues.

6.3. Agenda of the CMFB Globalisation Workshop on 4 July 2018 (Sponsors)

- (54) The tentative agenda was distributed for the Committee as a room document.
- (55) Sponsors introduced the draft agenda and explained the idea of a questionnaire inviting the members to raise issues so as to further specify the agenda.
- (56) Members thanked Statistics Austria for the organisation of the workshop. A comment relating to the participation of invitees and speakers, the inclusion of extra-EU IOs and MNEs was suggested. Even if not at the planned workshop, these entities should ultimately become part of the discussion on the statistical challenges. Others argued that it was at this stage too early for MNEs to participate. The Workshop should avoid repeating CMFB discussions in general. Sponsors thanked for the comments and responded that the suggested categories of participants would indeed be invited.
- (57) The Chair thanked for the sponsors' work and called for further suggestions from the Committee, bearing in mind that funding was very limited for invited speakers.

7. WP ITEM IV - IMPLEMENTATION OF THE NEW INTERNATIONAL STATISTICAL STANDARDS SUCH AS ESA2010 AND BPM6 (SPONSORED BY ANDREA BRANDOLINI AND GERARD EDING)

Developments relating to the update process of SNA and BPM

- (58) Sponsors debrief the Committee with a short presentation.
- (59) Members welcomed and thanked for the update. Some expressed interest in the availability or development of a general road map or timetable, on which strategies could be based. The interlinking of/missing links between macro- and micro-data (national and business accounts) was suggested as an additional item for the research agenda. The importance of coordinating efforts made in different fora was also underlined. A member made reference to the work started by the OECD on the (review of the) benchmark definition of FDI and on a survey on the methodological translation of standards.
- (60) Eurostat will take over the Chairmanship of ISWG for two years and this period would cover the planning of the SNA 2008. Interlinkages across various manuals shall be treated with priority, as well as those across micro and macro data. Alternative approaches to the big-bang approach to the update of the manuals will be considered.
- (61) The Chair thanked for the update and the rich discussion. The CMFB will use the occasion of the Globalisation Workshop to contribute with issues to the globalisation heading of the SNA research agenda.

8. WP ITEM V – BALANCE OF PAYMENTS STATISTICS AND INTERNATIONAL INVESTMENT POSITION STATISTICS

8.1. Update on FRIBS legislative process (sponsored by Kirsten Wismer and Jacques Fournier) (Eurostat)

- (62) Eurostat introduced the item by referring to the state of play in the European Council and Parliament. The Bulgarian Council Presidency is expected to open the discussion on the proposal in the Working Party on Statistics.
- (63) ECB DG-S presented the recent ECB's legal opinion around four points:
- it was pleased with the proposed improvements in the overall availability of information for the services sector in the context of STS (particularly from a quarterly to a monthly frequency).
 - proposed that requirements put forward in the ESRB recommendation, concerning the closure of real estate data gaps, are reflected in the construction data requirements.
 - emphasised that concerning the definition of ITSS requirements in FRIBS, it was of the utmost importance that BOP and IIP statistics remain internally coherent and comprehensive.
 - reiterated the need for being consulted on relevant implementing and delegated legal acts.
- (64) One member disagreed with ECB DG-S suggestion to integrate additional construction requirements.
- (65) A member expressed concerns about the related delegated and implementing acts that are presently not part to the legislative process.
- (66) The Chair thanked for the updates and concluded that the CMFB took note of the update on the FRIBS legislative process.

8.2. Final report of the CMFB Task Force on the consistency between national accounts and b.o.p./i.i.p. statistics (sponsored by Ville Vertanen and Jacques Fournier) (Sponsors)

- (67) Sponsors introduced the item by thanking the Co-Chairs and members of the Task Force. The final report was clear, precise and concise. The three main recommendations of the report were:
- coordination efforts of compilers should be pursued, with the support of Eurostat and the ECB. Data sharing among compilers should be encouraged, when possible, in accordance with confidentiality constraints related in particular to granular data.
 - in the long-term, a full convergence of the manuals should be achieved. Exact wording of texts would be welcome in order to avoid different interpretations. For this purpose, additional coordination in the drafting of the new manuals (and the institutions taking care of this update) is of utmost importance.
 - in the short-term, a clearer guidance at the European level on the interpretation of the manuals, implying close cooperation between the ECB, Eurostat and the national compilers, was welcome. In this regard, the manuals (BPM6, ESA2010 or 2008 SNA) providing the most comprehensive guidance should be considered the reference, but a case-by-case analysis should be followed.
- (68) The sponsors further added that the full data alignment by the next benchmark revision seemed overly optimistic, further complementing that pragmatic objectives should be set. Some members supported this view, suggesting aiming at full alignment for the headline indicators and more flexibility for the granular level at the 2019 benchmark revision.
- (69) A follow-up questionnaire will be launched in October 2018, covering the consistency of both the current and financial accounts. The results will be discussed at the first plenary meeting in 2019.
- (70) Some members made a plea for the integration of the two manuals. The Netherlands will fully align BOP and NA in the course of 2018. As an example, the formal cooperation agreement between CBS and DNB is available on the corresponding websites.
- (71) ECB DG-S added that full consistency should remain the objective, in the short run, at least for the main aggregates and in the medium term also at a more granular level. With respect to the follow-up on the specific recommendations, ESS and ESCB substructures (WGs External Statistics and Financial Accounts) could take up certain items. Eurostat agreed, in broad terms, to the objectives, and recalled that most inconsistencies and interpretational differences across manuals were unintentional – i.e. they do not follow from different statistical approaches.
- (72) The possibility of full consistency could also be examined at the national level.
- (73) The CMFB Chair thanked the TF for the excellent work and concluded that, in principle, the Committee agreed to the general recommendations. For the 2019 benchmark revision, full alignment should be achieved at least for the headline indicators. Full consistency at granular level remains the objective, however, over the medium term. ESS and ESCB substructures should take up the technical issues and any remaining methodological interpretation issue. A CMFB follow-up questionnaire will be carried out in the course of October 2018.

8.3. Update on NA-BOP inconsistencies concerning financial accounts (ECB DG-S)

- (74) ECB DG-S presented the item.
- (75) Some members praised the relative component of the assessment, also adding that small discrepancies would have no dramatic impact on the quality.
- (76) On the possible trade-off between accuracy vs. formal consistency, ECB DG-S added that accuracy is a constant goal, but consistency should be achieved.
- (77) Eurostat added that the follow-up on non-financial accounts was scheduled for the summer 2018 plenary.
- (78) The Chair thanked, on behalf of the Committee, for the presentation. The CMFB will continue to exchange experiences regarding the consistency of national accounts and b.o.p./i.i.p..

9. WP ITEM VI - BIG DATA (SPONSORED BY GERARD EDING AND JOE MCNEILL)

Presentation of the results of the CMFB Big Data Survey (Sponsors)

- (79) Sponsors presented the outcome of the questionnaire and suggested the establishment of a small CMFB TF on Big Data. The highest score from responses pointed in the direction of addressing data access issues.
- (80) Members generally supported the idea of the TF. However, as there were a number of other work streams progressing in this area, the mandate should be well focused. Statistical use of commercially available big data may be an area to cover. Big Data initiatives were very widespread but at the same time also remained specific to certain sectors. The focus of the TF should also be on how Big Data could contribute to the production of official statistics, e.g. by means of prioritisation of areas where such approaches could be considered (e.g. tourism). The concepts used by statisticians for Big Data were also in need of clarification (as 'real' Big Data referred not only to the amount but to the unstructured nature of the data). Non-structured data need to be structured prior to their use in official statistics, which may steer the work of the Committee outside the scientific field of Big Data. Should the CMFB follow a broader approach, various layers would need to be clearly distinguished.
- (81) As an example, the use of credit card data in the UK was referred to, which provided accurate geographical information, but the mapping of merchant codes to COICOP categories remained challenging. As an alternative, the bar code appeared as a more workable solution. Such concrete cases may be looked into by the TF.
- (82) The direct use of Big Data for national accounts and balance of payments may be less straightforward, but via more accurate price data, benefits would also be realised in these domains.
- (83) Considering the schedule of the TF's work, July 2018 seemed too ambitious for its final report, especially if the G20 context would also play a role. Data from the private sector may be made more accessible in the future thanks to the PSI initiative by the European Commission, even if national implementation may take time.
- (84) Eurostat continued that new ideas come in waves and it could take time to see their potential impact on official statistics in a more precise manner. The CMFB EB should prioritise these ideas.
- (85) The Chair concluded that a 'light' CMFB Big Data TF would be established. Following the development of a mandate by the CMFB EB, a call for expression of interest would be launched.

10. ANY OTHER BUSINESS

- (86) The next Plenary meeting of the CMFB will be on 6th July 2018 in Vienna, back to back with the CMFB Globalisation workshop on 4th and 5th July.