

**MAIN CONCLUSIONS AND LIST OF ACTIONS OF THE
CMFB MEETING HELD ON 31 JANUARY -1 FEBRUARY 2008**

(Final - 31 March 2008)

1. Opening of the meeting

- 1.1. The Chairman opened the meeting and welcomed the participants.
- 1.2. Interpretation was available in English, French, German, Italian, Portuguese, and Spanish.

2. ADOPTION OF THE AGENDA

- 2.1. The Chairman explained that the "Exchange of Views" was available as a room document. The agenda was adopted (cf. Annex 1).
- 2.2. The Chairman informed the CMFB that the Executive Body had finalised on 30 January the CMFB opinion on two implementation Regulations concerning FATS. The Chairman noted that a very large majority was in favour of these two Regulations.
- 2.3. The Committee had already approved the main conclusions and list of actions of the CMFB meeting held on 28-29 June 2007. The minutes of the CMFB Executive Body meetings held in Luxembourg (27 June 2007), Athens (18-19 October 2007) and in Frankfurt (11-12 December 2007) had been transmitted to the Committee together with a log of the main CMFB activities since the July 2007 CMFB meeting (document B.1).

3. EXCESSIVE DEFICIT PROCEDURE

3.1 *EDP activities – Progress report (Eurostat)*

Presentation

- 3.1.1 Eurostat explained that the EDP progress report highlighted the most important activities since June 2007. It was also mentioned that the Commission had submitted two reports to the EFC following each of the EDP notification periods, and that the Commission would submit, in a few weeks time, the annual report of the Commission on the Quality of Fiscal Data 2007 to the Parliament and Council.
- 3.1.2 Concerning the Manual on Government Debt and Deficit, the Editorial Committee had made good progress regarding the chapters on capital injections, quasi-corporations, transactions with Central Banks, non-returned coins and banknotes, and securitisation (following the Eurostat decision of 2007). These chapters would be submitted to the CMFB for a written consultation before being published.

Discussion

- 3.1.3 Eurostat underlined during the discussion that the mandate of the Editorial Committee was to clarify and improve the manual and the mandate did not allow the Editorial Committee to (re-)open conceptual issues for further discussion. It was expected that several of the chapters mentioned above would become ready during spring 2008. The priority would be put on new and important chapters.

Conclusion

- 3.1.4 The CMFB took note of the progress report.

4. REVISION OF SNA 93

4.1. SNA 93 - Progress report (Eurostat/ECB DG-S)

Presentation

- 4.1.1 Eurostat presented the progress report. It was expected that the first volume of the SNA (chapters 1-17) would be adopted at the UNSC meeting at the end of February 2008 although only chapters 3-10 of the seventeen chapters had yet been made available. Thus, Eurostat would propose to the UNSC that the adoption should allow for a short review period in which the consistency within each chapter and across all chapters could be checked. Eurostat would also inform the SPC and other partners about this proposal.
- 4.1.2 Eurostat informed about the establishment of a High Level Group by the UNSC that will examine the long-term implications of the SNA. The ISWGNA will organise a meeting to discuss issues related to the High Level Group and its composition in summer 2008.
- 4.1.3 Eurostat underlined the request to the ISWGNA to submit an implementation strategy for the SNA, including training, technical assistance, publication of manuals and handbooks, research, advocacy (usefulness of system for economic statistics and other statistics) and securing support from other stakeholders.
- 4.1.4 Eurostat requested the CMFB its views on these three subjects.
- 4.1.5 Furthermore, Eurostat informed the CMFB about a number of substantive issues, which had not yet been fully finalised for the SNA:
- R&D expenditure should be recorded as gross fixed capital formation. The first step would be to implement this by using satellite accounts and supplementary tables.
 - Treatment of goods for processing: The solution adopted is to follow the change of ownership and not the physical movements. Further guidelines will be elaborated later.
 - Military expenditure should be recorded as capital formation, and not as intermediate consumption, when meeting the criteria of being used in production for more than one year regardless of nature or purpose of expenditure.
 - Return on capital of non-financial assets used in non-market production: No change.
 - Special purpose entities will be classified according their principal activity, whether they operate domestically or abroad, and whether independently or not from their parent company.
- 4.1.6 The CMFB was informed that Eurostat would take over the rotating chair of the ISWGNA after the UNSC meeting in February 2008.

Discussion

- 4.1.7 It was noted that the SNA process had experienced delays in a critical period and that the process was not fully transparent. For example, it was difficult to identify the changes, which had been included in the revised SNA and the reasons for the changes. It was added that the ESA revision process should avoid such problems.
- 4.1.8 Eurostat repeated that it would call upon Member States to help with the review of SNA chapters 1-17 after the UNSC meeting, but that this review should concentrate on the consistency and should not (re-)open any issues.

Conclusion

- 4.1.9 The CMFB thanked Eurostat and took note of the progress report.

5. REVISION OF ESA-95

5.1. *Revision of ESA-95 (Eurostat)*

Presentation

- 5.1.1. Eurostat presented the progress report, and informed about the results of a call for tender regarding assistance for the drafting of the revised ESA.
- 5.1.2. Regarding the process, it was explained that draft chapters would undergo an internal Eurostat review (one month) before being posted for comments on the dedicated web site (one month). The source of the changes to existing chapters would be indicated in the draft text (e.g. one of the 44 SNA recommendations, clarifications at international level or more precise drafting of SNA). In order to meet the overall timetable, it was important that comments on the drafts should make use of similar type of references. Once approved, the chapter would be posted on the web site and be channelled into the legislative process. (It was noted that CIRCA would be used until the dedicated web site would be launched).
- 5.1.3. Eurostat underlined that major issues, which could not be solved in the process outlined above, would be taken up and discussed in the relevant working groups, including the FAWG, NAWG, and ESA Review Group. Some MSs had requested a two-round commenting exercise but Eurostat assured those MSs about the flexibility of the proposed procedures.
- 5.1.4. Eurostat emphasised the need for consistency between ESA and SNA, and underlined that the revision process should not result in an overburdened ESA transmission program.
- 5.1.5. Eurostat informed about a Task Force set up regarding supplementary tables for R&D (three meetings are foreseen), and that the OECD has set up another task force that will concentrate on a handbook. These two task forces will be working closely together.
- 5.1.6. ECB DG-S confirmed the commitment of the ESCB and the ECB in the process. The exchange of letters between Eurostat and the ECB had clarified the respective responsibilities (these letters had been copied to all CMFB Members). ECB DG-S stressed that NCBs would be closely involved in the revision of the relevant chapters and that the STC would be consulted on those draft chapters.
- 5.1.7. Finally, Eurostat emphasised that one of the outcomes of the revision process should be just one set of standards for all purposes, and that the current situation with multiple standards, e.g. GDP and GNI measures, should be avoided.

Discussion

- 5.1.8. There was a general appreciation of the planning and transparency of the process. It was proposed that a list of meetings relevant to the ESA revision, including agendas and minutes, should be added to the dedicated web site. The timetable seemed very ambitious but Eurostat emphasised that the process had been streamlined in order to avoid proposals being passed forth and back between the different committees. Eurostat underlined that there was some flexibility in the timetable for setting up extra meetings to discuss difficult issues.
- 5.1.9. It was noted that specialised chapters, e.g. on government accounts, would be useful since that would allow the final legal text to deal consistently with all the concepts used in the ESA. Nevertheless, handbooks would still be needed in order to elaborate on the ESA concepts and methods, for example in the domain of the EDP. Eurostat agreed with this view.
- 5.1.10. Some members suggested that the FAWG and the ESA95 Review Group should be more directly involved in the chapters on 'Units and grouping of units', 'Distributive transactions', 'Sequence of

accounts', 'FISIM', and 'Fundamental principles of National Accounts'. Eurostat appreciated the feedback and agreed to review the allocation of responsibilities between the different Working Groups.

5.1.11. The need for a close consistency between ESA and SNA was supported.

5.1.12. Several members agreed explicitly with the aim of having just one set of standards for all purposes.

Conclusion

5.1.13. The CMFB thanked Eurostat for the report and for the additional information provided. The CMFB noted that the timetable is ambitious but there was an overall satisfaction with the planning process. The CMFB noted that Eurostat would review the involvement of the different working groups with respect to several of the ESA chapters.

5.1.14. CMFB agreed on the principle that one set of standards should be used for all purposes.

Deadline:	Recommendation or Action:	Responsible:
asap	Add list of relevant meetings, agendas and minutes to dedicated web site (CIRCA until web site available).	Eurostat
March 2008	Reallocate working groups for several of the ESA chapters.	Eurostat

6. PUBLIC FINANCE STATISTICS

6.1. *Statistical contribution to the review of the sustainability of public finances – Final report from Task Force on the statistical measurement of the assets and liabilities of pension schemes in general government (Eurostat/ECB DG-S)*

Presentation

- 6.1.1. Eurostat and ECB DG-S presented the final report of the Task Force. The background for the TF work was the discussion in the SNA context where the Advisory Expert Group (AEG) had recommended a change in the recording of all employer pension schemes. The TF had already presented a worldwide compromise solution to the CMFB in June 2007 that introduced flexibility of recording for unfunded government-sponsored pension schemes..
- 6.1.2. The supplementary table on pension schemes in social insurance, which was an important part of the compromise, was presented (p. 21 of the document). The rows of the table presented changes in stocks of different types of pension entitlements and the columns presented different types of pension schemes. It was explained how this table would allow the analysis of annual changes in pension entitlements, to pass from opening to closing balance sheets. In particular, pension schemes whose entitlements would be recorded in the core and non-core national accounts are recorded in the same table, and specific changes due to, e.g. pension reforms or transfers between pension schemes, can be identified.
- 6.1.3. The TF had introduced the concept of Sponsorship in order to identify the unit, which set up the pension scheme, but some borderline issues were not yet solved. Similarly, the boundary between social insurance and social assistance would need to be clearly specified.
- 6.1.4. The TF had carried out a significant modelling exercise. National models had been compared with generic models, in particular with a model developed by the University of Freiburg. The simulations showed that it was important to provide guidance on some of the key assumptions such as the discount rate (whether government bond or corporate bond yields) and to use harmonised data for, e.g., demographic variables.
- 6.1.5. The Task Force had recommended that the Projected Benefit Obligation (PBO) method should be applied to general government sponsored pension schemes. Simulations using Accumulated-Benefit Obligation (ABO) and PBO models showed differences of up to 20-30% in pension scheme liabilities. It was noted that the size of this effect depended on the benefit formula of the particular pension scheme.
- 6.1.6. An outline of a draft Compilation Guide was made available as a room document and it will be posted on the CIRCA site.
- 6.1.7. It was mentioned that a revised draft of chapter 17 of the updated SNA, which includes the treatment of pension schemes, had not yet been published, and therefore it was not fully clear exactly how closely this chapter would follow the TF's recommendations.
- 6.1.8. It was clear that the results of the TF would feed into the ESA revision process. In addition, it was suggested to organise a seminar, end of 2008 or early 2009, to examine additional modelling results and to further develop the draft Compilation Guide. For that purpose, it was suggested to set up a contact group on pensions with members from all European countries.

Discussion

- 6.1.9. The report was highly praised by the CMFB and it was agreed to publish it on the CMFB web site.

- 6.1.10. There was general agreement that the core/non-core criteria needed further refinement as these criteria will have a direct effect on government accounts. Imprecise specification would likely lead to uncertainty and a need for additional consultations.
- 6.1.11. It was noted that the allocation between 'transactions' and 'other economic flows' in the supplementary table is just as important as the difference between core and non-core recording, since it could affect the recording of government debt and deficit. This could for example be important in connection with pension reforms.
- 6.1.12. It was appreciated by some members that the report allowed a certain degree of flexibility for setting the discount rate, but it was also seen as a potential source for non-comparable estimations. It was underlined that the application of ABO or PBO approaches should have the same impacts on the accounts over time.
- 6.1.13. The CMFB welcomed the modelling carried out by the TF. National models were considered important because they were designed to take account of national specificities and because they were already used in several countries. The strength of the generic models was that they allowed a transparent analysis of the results, which could have a positive impact on the comparability. For example, sensitivity analysis could identify the most important assumptions in a particular scheme and make it possible to compare the effect of changes made to the assumptions.
- 6.1.14. It was noted that the discount rate might be higher in countries with more fragile financial systems and that there is a link between real wage and real productivity changes. The TF had confirmed the importance of using consistent assumptions in the modelling. The robustness of the models against short-term volatility, e.g. in the discount rate, should also be considered.

Conclusion

- 6.1.15. The CMFB complemented the TF on the excellent work carried out on a very difficult and complex subject in a short time.
- 6.1.16. The CMFB endorsed the report. It will be published on the CMFB web site and submitted to the EFC-SCS and the ISWGNA. The CMFB agreed that content of the report should serve as a basis for the ESA revisions.
- 6.1.17. The CMFB asked Eurostat and ECB DG-S to follow up and, in particular, establish a contact group on pension related issues with representatives from all EU countries, circulate a questionnaire on individual country experiences, sources and other matters, and organize a seminar in 2008-09. The contact group would assist Eurostat and ECB DG-S to complete the draft Compilation Guide.

Deadline:	Recommendation or Action:	Responsible:
March 2008	Publish TF Report on CMFB web site and submit it to the EFC-SCS and ISWGNA.	CMFB Secretariat / Eurostat
2008	Ensure that report serves as a basis for the ESA revision	Eurostat
Spring 2008	Establish a wide contact group on pension related issues and follow-up as agreed	Eurostat / ECB DG-S

7. QUARTERLY SECTOR ACCOUNTS

7.1. *Progress report from the Task Force on Quarterly Sector Accounts (Eurostat/ECB DG-S)*

Presentation

- 7.1.1. Eurostat and the ECB explained that the publication of European Quarterly Sector Accounts had become a regular event since the last CMFB Plenary meeting in July 2007. Both Eurostat and ECB DG-S reported that the feedback from users had been very positive. The Task Force had met once discussing in particular documentation, quality, and user needs. Eurostat reminded Member States of the need to submit the relevant documentation.
- 7.1.2. Concerning the 2008 work programme, it was mentioned that the existing derogations will expire this year. The transmission deadlines for non-financial sector accounts will be reduced from 95 days to 90 days in September 2008. ECB DG-S explained about the on-going work to improve the timeliness of financial sector accounts by using early estimates, and highlighted the medium term objective, which is to have data and analysis prepared for the monetary policy discussions at the seventh Governing Council meeting after end of the reference period (~90 days). Finally, the consistency between quarterly and annual data as well as between financial- and non-financial accounts would continue to be examined throughout 2008 and a revision policy will be discussed.

Discussion

- 7.1.3. Several members of the CMFB explained that shortening the deadline from T+95 to T+90 would put extra pressure on the source data, including balance of payments and public sector accounts. The result would in many cases be a drop in the quality of published data and, subsequently, bigger revisions. It was suggested to postpone the change of deadline.
- 7.1.4. Eurostat was aware of the problems and had raised the issue in the relevant working groups. ECB DG-S underlined their work on advancing the deadline for the quarterly financial sector accounts. It was mentioned that publication at national level would increase the visibility of the QSA, and ECB DG-S said that they had already volunteered to assist at seminars on QSA in the Netherlands and Austria.
- 7.1.5. More generally, it was mentioned that new demands for statistics should be accompanied by appropriate financing.

Conclusion

- 7.1.6. The CMFB thanked the Task Force for the report and took note of latest developments. The CMFB agreed with the proposed 2008 work programme.
- 7.1.7. The CMFB noted the trade-off between timeliness and quality, and that additional requirements on statistics would typically lead to additional resource requirements.

Deadline:	Recommendation or Action:	Responsible:
Spring 2008	Submit QSA documentation to Eurostat	NSIs

7.2 Report from Task Force on Rest-of-the World Account, on transit trade, e-commerce and implementation issues (Eurostat/ECB DG-S)

Presentation

7.2.1. ECB DG-S made a brief presentation saying that

- Two countries are analysing specific cases related to quasi-transit trade;
- Two credit card operators had been contacted successfully, and further discussions will review data availability and usefulness for statistical purposes;
- It is foreseen that questionnaires for the biennial monitoring of the differences between BoP and RoW data will be submitted to the participants in September-October 2008 and that the results will be reported back to the CMFB in January 2009;
- The BoP and the External Statistics Working Groups will both address a transitory regime for delivering data at T+85 days.

Discussion

7.2.2. One of the countries analysing the quasi-transit trade problem explained that early results indicated that the outcome could have some impact on EU aggregates.

7.2.3. There was a general appreciation and interest in the contacts with the credit card operators. There was some concern about asking for too much (or too difficult) data as this could have adverse effects on data delivery in the future.

7.2.4. Finally, it was mentioned that early reporting of BoP at T+85 days could have some impact on the quality and that the relevant quality reports should be carefully reviewed. It was noted that the timeliness of T+85 would be on voluntary basis for the moment.

Conclusion

7.2.5. The CMFB thanked the Task Force for their work and took note of the report.

7.2.6. The CMFB broadly agreed with the proposals, especially on the contacts with credit card companies, and noted that the improved timeliness of BoP data to T+85 could have some impact on the quality.

8. BALANCE OF PAYMENTS

The Chairman proposed to discuss items 8.1 and 8.2 together.

8.1 *Regulation (EC) 2560/2001 defining a threshold for statistical reporting on cross-border payments and new legal framework on payment services – Progress report (DG MARKT)*

8.2 *Task Force on the use of payments data for balance of payments statistics (ECB DG-S)*

Presentation

8.1. DG MARKT presented the progress regarding the review of Regulation (EC) 2560/2001 on cross-border payments in euro and explained that the Commission report stipulated in the Regulation was about to be adopted by the Commission. The report would review, among other things, the threshold for statistical reporting on cross-border payments. The report would recommend to raise the threshold for statistical reporting imposed on payment service providers to 50.000 € in 2009 and to complete the phasing out of statistical reporting obligations by 2011-12 (sunset clause). The aim would be that the statistical reporting obligations should be the same for domestic and cross-border SEPA payments. However, it was underlined that the implementation of such measures would only take place after a thorough impact assessment of cost and benefits.

8.2. ECB DG-S reported orally on the findings of the Task Force on the use of Payments Data for Balance of Payments Statistics. The TF had been set up by the Governing Council in June 2007 to address the use of payments data for BoP purposes across EU.

8.3. The TF made seven suggestions:

- Three suggestions focused on raising the threshold to 50.000 € in the short term, and on alternative sources for BoP compilation (census data for large companies and sample surveys for SMEs, administrative sources such as VAT, Intrastat, and sharing of BoP data across Member States).
- Three suggestions focused on readily available data from banks mainly for the identification of the entities to be surveyed and to set up and maintain a register of internationally active firms (maintain threshold under certain conditions, make use of bank account and BIC codes, and make use of other mandatory SEPA message fields).
- One suggestion would be considered in a revised form by the ECB Governing Council at its meeting on 11 February 2008. This proposal would allow countries to require that information on the type of cross-border transaction be provided by resident customers of resident banks in an optional field in the SEPA message. These countries should also set up rules and a harmonised code list for that purpose.

Discussion

8.4. Several members voiced their concerns about further raising the reporting threshold for BoP statistics and introducing a sunset clause. Some members felt that there was an imbalance in how the burden on banks was affected by various decisions. For example, it was mentioned that Regulation (EC) 2650/2001 only applied to SEPA messages and not to non-euro payments. Furthermore, Regulation (EC) 1781/2006 on information on the payer accompanying transfers of funds (fraud and money laundering) require banks to keep tracking information for money transfers above 1000 € while, at the same time, Member States cannot oblige banks to provide information needed for BoP purposes above the threshold defined by Regulation (EC) 2650/2001.

- 8.5. It was agreed that any amendment to Regulation (EC) 2560/2001 should be clear in the formulation, thereby avoiding the ambiguities of the current Regulation, especially regarding Article 6.
- 8.6. It was recognised that the impact assessment, which will be prepared before amending Regulation (EC) 2560/2001, should assess the cost of producing the necessary statistics based on banking sector information compared to the cost of a data collection outside the banking sector.
- 8.7. It was acknowledged that a reduced quality of BoP data would have a direct impact on the quality of GDP, GNI and related indicators. Especially small countries with relatively large imports/exports would be vulnerable to such effects, and that would mean a deterioration of the indicators available in the national statistical systems.
- 8.8. Following the oral presentation by ECB DG-S on the outcome of the work by the Task Force on the use of payments data for balance of payments statistics, there was a general agreement with the conclusions of the Task Force. In particular, it was noted that the 6th recommendation was limited to those countries wishing to participate. Some members suggested that the required code lists should take account of existing European code lists.
- 8.9. It was emphasised that the general importance of the SEPA project should be acknowledged. The project was considered crucial for European integration and it was fully supported by the Council.

Conclusion

- 8.10. The CMFB thanked the Commission for the update regarding the status of Regulation (EC) 2650/2001 and ECB DG-S for reporting on the TF findings.
- 8.11. The CMFB welcomed that a thorough impact assessment will be carried out before amending Regulation (EC) 2650/2001 and noted that Eurostat will organise the consultation of BoP compilers. The CMFB also welcomed the Commission's intention to ensure that the amendment of Regulation (EC) 2650/2001 will clarify possible ambiguities in the text, in particular with regard to the meaning of the present article 6.
- 8.12. The CMFB noted that the solution envisaged for the statistical use of payments data in the SEPA is acceptable, while there continues to be some concern over possible negative effects of the envisaged raise of the threshold.

Deadline:	Recommendation or Action:	Responsible:
2008	Keep CMFB informed about further developments regarding Regulation (EC) 2560/2001	DG MARKT
2008	Organise consultation of BoP compilers regarding the impact assessment of amending Regulation (EC) 2560/2001	DG MARKT and Eurostat

9. FOREIGN TRADE STATISTICS

9.1. *Task Force on the impact of the simplification of Intrastat on national accounts and balance of payments statistics (Chairman of TF)*

Presentation

- 9.1.1. The Chairman of the TF explained that the TF had produced a concise report, which had been submitted to the EFC-SCS following a rapid consultation of the CMFB Executive Body. A detailed report had been submitted to the CMFB and the individual replies to the TF questionnaire had been posted on CIRCA.
- 9.1.2. The conclusions of the ECOFIN Council meeting of 13 November 2008 were in line with the advice of the CMFB, Eurostat, and the Intrastat Committee, in particular with respect to response burden versus quality, and reduction of coverage ratio in the short term versus alternative methods such as the single flow in the long term.
- 9.1.3. The TF had reached three out of its four objectives. The fourth objective, to analyse the impact of the single flow method on BoP and NA, was deemed less pressing following the Council Conclusions. Thus, it was proposed to dissolve the TF. However, further work should be carried out by the Intrastat Committee and related working groups, in particular on asymmetries and the single flow method. The CMFB should be informed about these developments when more concrete plans for changing the Intrastat system or other novelties in the collection of data would be in place.

Discussion

- 9.1.4. The report from Task Force was welcomed. It was stressed that further work on asymmetries is needed.

Conclusion

- 9.1.5. The CMFB thanked the TF and its members for their swift, efficient, and excellent work, and fully endorsed both the concise and the detailed report.
- 9.1.6. The CMFB recognised that three of the four objectives of the TF had been realised and that work on the fourth objective (impact of single flow on BoP and NA) was premature in the present situation. Thus, the CMFB dissolved the TF for the time being. Eurostat was requested to keep the CMFB informed and involved whenever appropriate.

Deadline:	Recommendation or Action:	Responsible:
Ongoing	Keep CMFB informed about further developments regarding asymmetries and single flow whenever appropriate	Eurostat

9.2. *New developments in Extrastat (Eurostat)*

Presentation

- 9.2.1. Eurostat explained that information for compiling Extrastat data is primarily collected from customs declarations. The customs authorities and DG TAXUD are currently preparing a modernised customs code, which might be implemented in several steps over the next years. One of the new measures is a centralised customs clearance, which is expected to be a simplification for multinational companies with imports into (or exports from) several Member States. Some pilot projects are already exist.

- 9.2.2. In order to prepare for the modernised customs code, Eurostat has submitted a new draft Regulation, which amends Extrastat, to the European Parliament and the Council. The proposal defines the concepts of 'final destination' and 'actual export'. The corresponding fields are optional in the current customs declarations, but Eurostat has put forward a request to DG TAXUD and the customs authorities for making these fields mandatory. The draft Extrastat Regulation requires Member States to provide this information whenever available.
- 9.2.3. The consequence of the modernised customs code is that the quality of Extrastat data might deteriorate, especially during an interim period until the fields for 'final destination' and 'actual export' become mandatory in the customs declaration and a data exchange system between customs and statistical authorities is established. The total EU export/import data will not be affected.

Discussion

- 9.2.4. There was a general feeling that the adoption and implementation of the modernised customs code could have been done with more attention to statistical needs and requirements. The full implementation of the system for exchange of data between custom- and statistical authorities is not yet in place and the fields on the customs declarations forms for 'final destination' and 'actual export' are still optional.
- 9.2.5. There was agreement that that the quality of Extrastat data would suffer in a transitional period. This will have a direct impact on the National Accounts and Balance of Payments statistics and could be difficult to explain to users of important indicators such as the GDP.
- 9.2.6. It was noted that the new Extrastat Regulation could not alleviate the problems until the relevant measures would be implemented by the customs authorities. Eurostat called upon the members of the CMFB to raise these problems nationally.

Conclusions

- 9.2.7. The CMFB welcomed the report on Extrastat developments. It stressed that a good quality of Extrastat is of vital importance, not only in itself, but also for Balance of Payment and National Accounts statistics.
- 9.2.8. The CMFB voiced a strong concern over the possible negative impact - due to the measures envisaged by DG TAXUD and the customs authorities - on the quality of Extrastat. The Chairman of the CMFB will inform the EFC-SCS about these concerns.
- 9.2.9. The CMFB supported the initiatives by Eurostat to mitigate the negative impact of the measures and asked Eurostat to be kept informed about the further development.

Deadline:	Recommendation or Action:	Responsible:
-	Ensure that CMFB is informed about further developments	Eurostat
March 2008	Inform EFC of concerns about impact of Extrastat measures on quality	CMFB Chairman

10. SIMPLIFICATION AND COORDINATION

10.1. *Simplified reporting – the Portuguese experience (Banco de Portugal)*

Presentation

- 10.1.1. Banco de Portugal presented an overview of the new Portuguese system, IES, which allows companies to make single reporting of compulsory accounting, fiscal and statistical data for use by multiple authorities. The reporting is paperless.
- 10.1.2. It had taken several years with good cooperation between different authorities to conceive the system, and the full commitment at all levels, in particular the political level, has been an important factor throughout the process. Banco de Portugal had contributed to the financial cost of the system. It was expected that the total cost of the project would be largely offset by a reduced cost for the whole society, in particular due to a reduced administrative burden on companies and public entities.
- 10.1.3. In terms of statistical coverage, the system had changed the data collection from a survey with good coverage (but biased towards bigger companies) to a near 100% coverage. Furthermore, timeliness and overall quality had improved considerably.

Discussion

- 10.1.4. The presentation was considered very interesting by the members of the CMFB. The Portuguese NCB and NSI elaborated on a number of issues raised:
- The data collection covers all companies operating in Portugal.
 - It was agreed early in the project not to duplicate information requirements. Thus, the whole system makes use of the same set of definitions. Furthermore, it is possible to add or suppress information requirements on a limited scale.
 - Concerning the quality, it was explained that many of the data are audited before submission and that the software executed several checks on the data during the submission phase. The NCB and the NSI may crosscheck with other sources, e.g. wage information from social security. The NCB said that about 90% of the reported data had been included in the first aggregations.
 - The potential statistical information contained in the dataset is significant. The data are currently used for some National Accounts indicators, such as employment, and for research purposes. It is also planned to use the database for a better sample selection in various surveys and much of the information is relevant to structural indicators.
 - It was explained that balance sheet information is published within 1 day after a company has submitted their reporting. The availability of micro-data is under consideration in the context of the review of the National Statistical Law.
- 10.1.5. The ECB DG-S summarised by saying that this project showed how better statistics and reduced administrative burden could be achieved at the same time, but that the legal framework needs to be in place to support such initiatives.

Conclusion

- 10.1.6. CMFB thanked the Portuguese delegation for the interesting presentation.

11. INTERNATIONAL ACCOUNTING STANDARDS

11.1. Report from CMFB Task Force on Accounting and Statistics, incl. review of TF mandate (Eurostat/ECB DG-S)

Presentation

- 11.1.1. Eurostat reported on the 2007 activities of the Task Force, including its work on commenting the newly developed accounting standards (IFRS) for SMEs, the follow-up of the XBRL project and the outcome of the Task Force meeting in May 2007.
- 11.1.2. ECB DG-S briefly presented the renewed mandate of the Task Force emphasising the work regarding a reduced administrative burden on (small and medium size) enterprises and enhancing the quality of official statistics, in particular through the development of joint taxonomies for accounting data and statistical data.

Discussion

- 11.1.3. ECB DG-S confirmed that there was no, or only insignificant, overlap between the taxonomy project mentioned in the Task Force mandate and other taxonomy projects by the ECB – which relate to statistical and supervisory reporting by financial intermediaries..

Conclusion

- 11.1.4. The CMFB took note of the progress report and thanked Eurostat and ECB DG-S for the additional information provided.
- 11.1.5. The CMFB agreed with revised Task Force mandate.

12. RECENT DEVELOPMENTS IN THE CREDIT MARKETS: MEASUREMENT CHALLENGES

12.1. Recent developments in the credit markets: Measurement challenges (ECB DG-S)

Presentation

- 12.1.1. The ECB DG-S explained that the recent turmoil in the credit markets had its roots in the US housing sector. The main concerns of the ECB were a) the insufficient availability of European housing market indicators and b) the methodology used for compiling FISIM estimates.
- 12.1.2. ECB DG-S explained that the recent increase in interest rate spreads in the credit market had led to higher FISIM estimates and, thereby, an increased GDP. This was counter intuitive and difficult to explain to users of statistical information. ECB DG-S indicated that the main issue is how the risk component is allocated in the estimations, and several problems were mentioned including the reference rate, currencies of denomination, type of loans and deposits, counterpart sectors, etc. These factors may lead to distortions of the FISIM computations, and implausible or negative results.
- 12.1.3. ECB DG-S has been considering an enhanced methodology using existing data. The initial results indicate that this methodology will be data intensive, but feasible at both national and European levels. In addition, it is expected that the methodology will increase comparability across countries.
- 12.1.4. ECB DG-S underlined the urgency of this problem in relation to the timetable for the update of ESA-95.

Discussion

- 12.1.5. There was a very broad agreement on the need for timely and reliable housing market indicators. The expectations for the HICP house price index are high, but improved construction price statistics and better information on the activity in the housing market would also be welcomed.
- 12.1.6. Concerning the FISIM estimations, the views of the CMFB were divergent. Several speakers underlined the long history of the FISIM discussions and reminded of the results of the recent Eurostat Task Force on FISIM. However, it was also made clear that the current SNA-93 and ESA-95 methodology should be used as a starting point for developing enhanced methods.
- 12.1.7. Conceptually, the problems relate to the allocation of risk between sectors. It was noted that banking services are of composite nature and it is always difficult to separate the different elements of such services. A parallel was drawn with the insurance business, where, e.g., the insurance of terrorism risks would result in higher premiums, but also a higher activity of the insurance sector that should not be eliminated from the GDP.
- 12.1.8. Regarding practical issues, it was noted that the current ESA-95 methodology was the result of a long deliberation and that a number of simplifying assumptions had been accepted before reaching agreement on a feasible implementation. Several of the issues raised during the presentation had also been discussed during the early work on the current methodology. Nevertheless, it was argued that there is room for improving the current methodology and, for example, better use should be made of all available data.
- 12.1.9. Finally, there was some concern about re-opening the debate on FISIM due to the expected adoption of the SNA and the timetable for the ESA revision process. However, those concerns should not prevent the CMFB from further work and having a broader reflection on these issues, including the communication aspects.

Conclusion

12.1.10. The CMFB thanked ECB DG-S for the presentation. The CMFB agreed that improved availability of housing markets indicators is a high priority. It was suggested that this item should be discussed at next CMFB Plenary meeting in July 2008.

12.1.11. CMFB agreed that an enhanced methodology for estimating FISIM on basis of existing data should be examined against the background of the recent turmoil in the financial markets and the timetable for the revision of ESA-95. The Chairman welcomed the offer by ECB DG-S of preparing papers on this subject for the next CMFB Plenary meeting.

Deadline:	Recommendation or Action:	Responsible:
July 2008	Presentation on availability of housing indicators	Eurostat
July 2008	Presentation of empirical results from using an enhanced methodology to compile FISIM	ECB DG-S

13. MEDIUM TERM STRATEGY FOR EUROSISTEM/ESCB STATISTICS

13.1. *Presentation by ECB DG-S*

Presentation

13.1.1. ECB DG-S presented the medium term work program of the ESCB statistics to the CMFB. The achievements up until now were reviewed. Among the challenges ahead were mentioned financial innovation, globalisation, and the need to limit the statistical burden. The vision for the future was summarised as

- Input: Collect data only once
- Throughput : Look at Eurosystem statistical function as an efficient production network
- Output: Reinforce "fitness for use" and statistical communication

13.1.2. Several specific projects and statistical areas were mentioned during the presentation. Some of them, e.g. the further development of payment statistics on retail sales, were seen as potential subjects for being of mutual interest for NCBs and NSIs in the future. The benefit of improved data sharing was emphasised, both with respect to an efficient production of statistics and with respect to a reduced burden on respondents.

Discussion

13.1.3. It was emphasised that potential synergies arising from an efficient cooperation between NSIs and NCBs (e.g. collect data only once) should be further exploited. It was mentioned that a harmonisation of concepts and definitions used by statisticians and supervisory authorities would also be conducive to reducing the reporting requirements.

13.1.4. There was some warning about ad-hoc data collections because the quality would, typically, be lower than for regular data collections. However, it was clear that specific problems might justify one-off surveys.

Conclusion

13.1.5. The CMFB thanked ECB DG-S for the presentation and took note of the comments.

14. EU/EMU SHORT TERM STATISTICS

14.1 Report from Task Force on Seasonal Adjustment of Quarterly National Accounts (Eurostat/ECB DG-S)

Presentation

- 14.1.1. Eurostat presented the final report of the Task Force. The Task Force had analysed the reasons for significant differences in the calendar and seasonal adjustment factors for quarterly national accounts using data from 15 countries. It was found that that the three main factors were a) economic, socio-economic, institutional and other non-statistical factors, b) statistical factors, such as frequency of sources, different quality of sources, use of proxies, etc, and c) other factors such the software and the amount of resources used on seasonal adjustment.
- 14.1.2. The Task Force had established a first draft for a common terminology for calendar adjustments and provided advice on the adjustment of these effects. ECB DG-S welcomed specifically the progress in this area. The Task Force had also reviewed the potential impact on seasonal adjustment of chain linking, and proposed a common template for the dissemination of seasonal adjustment metadata.
- 14.1.3. It was emphasised in the presentation that the differences in available quarterly sources make the Quarterly National Accounts less harmonised than the Annual National Accounts, and it was suggested more work should be done in the future on chain linking, in particular on contributions to GDP growth.
- 14.1.4. Finally, the CMFB was invited to comment on the proposed follow-up.

Discussion

- 14.1.5. In line with the presentation and the report, it was agreed that more research is needed on the data sources used for the unadjusted quarterly national accounts series. It was also underlined that improved seasonal adjustment would require further development of joint tools beyond the existing Demetra software.

Conclusion

- 14.1.6. The CMFB thanked the Task Force for its excellent work. It endorsed the final report, agreed to its publication on the CMFB web site and approved the recommendations. It also endorsed the implementation plan and took note of the further issues, which had been raised in section 3 of the report.
- 14.1.7. The CMFB encouraged Member States to contribute actively to the further development in this area.

Deadline:	Recommendation or Action:	Responsible:
asap	Publish final report on CMFB web site	CMFB Secretariat

14.2 Presentation of ESS guidelines on seasonal adjustment (Steering Group on Seasonal Adjustment activities - Eurostat/ECB DG-S)

Presentation

- 14.2.1. ECB DG-S presented the ESS guidelines on seasonal adjustment, saying that they had been developed to cover all steps of seasonal adjustment, to foster transparency in the application of

seasonal adjustment practices, they were flexible, and that they would assist both beginners and expert compilers.

- 14.2.2. The implementation of the guidelines would be facilitated by improving the software available. Two sub-groups are currently working on further development of tools and on formulating related user requirements. Additionally, it was mentioned that two seasonal adjustment training courses, built around the guidelines, were being set up for 2008.

Discussion

- 14.2.3. The ESS guidelines on seasonal adjustment were welcomed. There was a short discussion about the treatment of bridging days and it was concluded that the guidelines allowed a case-by-case analysis of difficult series. It was proposed to put the guidelines on the CMFB web site.

Conclusion

- 14.2.4. The CMFB thanked the Steering Group for their successful work. The CMFB endorsed the ESS guidelines as a framework for seasonal adjustment of PEEIs and other ESS and ESCB economic indicators where applicable.
- 14.2.5. The CMFB supported the implementation and requested the Steering Group to continue its work and report back on progress to the CMFB by January 2009.

Deadline:	Recommendation or Action:	Responsible:
January 2009	Report on progress	Steering Group on Seasonal Adjustment activities
asap	Publish ESS guidelines on seasonal adjustment on CMFB web site	CMFB Secretariat

15. ANY OTHER BUSINESS

- 13.5. The Chairman thanked the participants, the interpreters, and Eurostat for the organisation and closed the meeting. The next CMFB meeting is scheduled for 3-4 July 2008.
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CMFB 31 January and 1 February 2008 – LIST OF PARTICIPANTS
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Annex 1



Committee on Monetary, Financial and Balance of Payments Statistics

Plenary session

31 January – 1 February 2008

Luxembourg

Jean Monnet Building, Room M6

Final Agenda (30 January 2008)

Documents will be made available on CIRCA at the following address:

<http://forum.europa.eu.int/Members/irc/dsis/cmfb/home>

PART A - ITEMS FOR DISCUSSION

- 1. OPENING**
- 2. ADOPTION OF THE AGENDA (CHAIRMAN)**
- 3. EXCESSIVE DEFICIT PROCEDURE**
 1. EDP activities – Progress report (Eurostat)
- 4. REVISION OF SNA 93**
 1. SNA 93 - Progress report (Eurostat/ECB DG-S)
- 5. REVISION OF ESA-95**
 1. Revision of ESA-95 (Eurostat)
- 6. PUBLIC FINANCE STATISTICS**
 1. Statistical contribution to the review of the sustainability of public finances – Final report from Task Force on the statistical measurement of the assets and liabilities of pension schemes in general government (Eurostat/ECB DG-S)

7. QUARTERLY SECTOR ACCOUNTS

1. Progress report from the Task Force on Quarterly Sector Accounts (Eurostat/ECB DG-S)
2. Report from Task Force on Rest-of-the World Account, on transit trade, e-commerce and implementation issues (Eurostat/ECB DG-S)

8. BALANCE OF PAYMENTS

1. Regulation (EC) 2560/2001 defining a threshold for statistical reporting on cross-border payments and new legal framework on payment services – Progress report (DG MARKT)
2. Task Force on the use of payments data for balance of payments statistics (ECB DG-S)

9. FOREIGN TRADE STATISTICS

1. Task Force on the impact of the simplification of Intrastat on national accounts and balance of payments statistics (Chairman of TF)
2. New developments in Extrastat (Eurostat)

10. SIMPLIFICATION AND COORDINATION

1. Simplified reporting – the Portuguese experience (Banco de Portugal)

11. INTERNATIONAL ACCOUNTING STANDARDS

1. Report from CMFB Task Force on Accounting and Statistics, incl. review of TF mandate (Eurostat/ECB DG-S)

12. RECENT DEVELOPMENTS IN THE CREDIT MARKETS: MEASUREMENT CHALLENGES

1. Recent developments in the credit markets: Measurement challenges (ECB DG-S)

13. MEDIUM TERM STRATEGY FOR EUROSISTEM/ESCB STATISTICS

1. Presentation by ECB DG-S

14. EU/EMU SHORT TERM STATISTICS

1. Report from Task Force on Seasonal Adjustment of Quarterly National Accounts (Eurostat/ECB DG-S)
2. Presentation of ESS guidelines on seasonal adjustment (Steering Group on Seasonal Adjustment activities - Eurostat/ECB DG-S)

15. ANY OTHER BUSINESS

PART B - POINTS FOR INFORMATION¹

CMFB INTERNAL MATTERS

1. Main developments since the last CMFB meeting in June 2007, minutes of the Executive Body meetings held in Luxembourg in June 2007, in Athens in October 2007 and in Frankfurt in December 2007, list of the task forces reporting to the CMFB (CMFB Secretariat)

BALANCE OF PAYMENTS

2. Balance of Payments Working Group – Progress report (Eurostat)
3. FATS Regulation, FATS Joint Working Group and related issues – Progress report (Eurostat)
4. Working Group on External Statistics – Progress report (ECB DG-S)
5. BPM 6 - Progress report (Eurostat/ECB DG-S)

SIMPLIFICATION AND COORDINATION

6. Report on the EuroGroups Register (Eurostat)

NATIONAL AND FINANCIAL ACCOUNTS

7. Financial Accounts Working Group - Progress report (Eurostat)
8. Working Group on Monetary Union Financial Accounts – Progress report (ECB DG-S)
9. EU-KLEMS – progress report (Task Force)

PUBLIC FINANCE STATISTICS

10. COFOG data – Progress report (Eurostat)
11. Short term public finance statistics Working Group – Progress report (Eurostat)

EXCESSIVE DEFICIT PROCEDURE

12. Manual on Government Debt and Deficit – Progress report (Eurostat)²

EU AND EURO-AREA ENLARGEMENT

13. Eurostat policy for the dissemination of EU and euro area statistics in case of enlargement (Eurostat)

STATISTICAL INFRASTRUCTURE

14. SDMX initiative – Progress report (Eurostat/ECB DG-S)

PRICES

15. HICP activities - Progress report (Eurostat)