

CMFB opinion on
re-shaping the connection between business statistics and BOP-IIP via the FRIBS draft
Regulation

Balance of payments (BoP) and international investment position (IIP) statistics (hereinafter BoP/IIP statistics) are of crucial importance for monetary policy, financial stability and economic policies, including macroeconomic multilateral surveillance. As both the European Statistical System (ESS) and the European System of Central Banks (ESCB) produce BoP/IIP and related statistics under their respective governance structures, the cooperation modalities should be organised around structures bridging the two statistical systems.

The European Statistical Forum (ESF) approved the proposal by the CMFB for future cooperation between the ESS and the ESCB in the field of balance of payments and related primary statistics at its meeting of 17 September 2014.

The CMFB provided immediate attention to the issue of the relation between BoP/IIP and related statistics in the context of the European Commission's initiative on the Framework Regulation Integrating Business Statistics (FRIBS). For this purpose, the CMFB has been studying the ways and conditions to re-shape the connection between business statistics and BoP/IIP via the draft FRIBS Regulation.

A dedicated Subgroup produced two reports, a Workshop was organised in April 2016 where business statisticians as well as the OECD were invited. In-depth discussions took place at the January and July 2016 plenary meetings of the CMFB. Fourteen (14) principles for re-shaping the connection between business statistics and BOP/IIP were published by the CMFB on 13 May 2016.

Within a framework of an iterative and collaborative process, the EU Commission (Eurostat) has provided the CMFB on 5 July 2016 with a revised draft Regulation and accompanying technical documents. Members of the CMFB were given the opportunity to ask Eurostat technical questions by 20 July 2016 and Eurostat was invited to answer by 22 July 2016.

With a view to deliver a public opinion, the CMFB Chairman, with the assistance of the CMFB Executive Body, asked CMFB Members on 28 July 2016 to express their opinion on

(1) a compromise proposal, taking the form of a 'package solution', on the main aspects of the draft FRIBS Regulation that appear necessary in order to ensure quality of BOP-IIP, while allowing coherence between the draft FRIBS Regulation and Regulation (EC) No 184/2005, as amended by Regulation (EC) No 2016/1013 and

(2) a provision on governance that ensures a light but lasting follow-up of the issue by the CMFB, as many CMFB members underlined that the involvement of the CMFB should continue not only because it has proven constructive and helpful but also in order to pursue its contribution to a smooth and articulated implementation of FRIBS Regulation and Regulation 2016/1013 modifying Regulation

184/2005. Some implementation issues might appear in the future that could not be envisaged at this early stage.

Members were requested to answer if they approve the proposals, by ticking “Yes”, “No” or “No opinion”.

The deadline for replies was 30 August 2016. Twenty-three (23) national statistical institutes, twenty-six (26) national central banks returned the questionnaire. A total of forty-nine (49) institutions provided their opinion. Among those 49 Members, 6 NCBs while approving made a few comments of diverse nature. The ECB and Eurostat abstained.

The result of the consultation is the following:

A. **The CMFB agrees, based on very large majority, with the package solution proposed by the Chair.** Some members have already identified some future issues such as the periodicity of some data, the communication policy, the details in geographical breakdown for annual total services, the delineation between the so-called “primary data” and “the accounting data”, the effective application of the safeguard clause and the reporting burden for NSIs, NCBs and respondents. The follow-up by the CMFB will provide opportunities to discuss those issues, in close cooperation with Eurostat and the ECB and of course in full respect of the content of this opinion.

B. In details, the following proposals were approved:

1. **On the content of FRIBS:**

- FRIBS should include requests for primary statistics on ITSS, on the basis of which imputations will be made afterwards where needed by BOP/IIP compilers to produce data and aggregates that comply with the European and international standards for BOP/IIP;
- FDI, travel services and FISIM should, by exception to the general regime and due to the specificities of the items concerned, not be included in the FRIBS Regulation;
- Both Regulations should cover quarterly and annual frequencies, FRIBS for primary data, Regulation 184/2005 recast for accounting data;
- Data sharing between business statistics, national accounts statistics and BOP accounting statistics should be developed to the largest extent possible, in compliance in particular with Regulation (EC) No 223/2009 as amended and 2533/98, building-up where possible on micro-data basis;
- An article on the consultation of the CMFB, echoing Article 8 of Regulation 2016/1013, should be included in the FRIBS Regulation, as already drafted;
- To further avoid that divergences in the various blocs of European statistics would develop in the years to come in a universe where different Regulations will co-exist on much inter-related topics, an article on the necessity for the Commission to ensure that input needed for compiling the accounting framework of national and regional accounts according to regulation (EC) 549/2013 and of balance of payments statistics according to Regulation (EC) 184/2005 is preserved, should be part of the FRIBS Regulation, as currently drafted.

2. **On governance:**

- As an advisory body, a transversal operational platform between the ESS and the ESCB, and in compliance with the tasks conferred upon it by the EU Law, the CMFB should be kept up to date and have the possibility to further contribute to the clarification and smooth setting of the FRIBS – as far as BOP/IIP are concerned.
- At the same time, the governance should remain manageable and flexible enough.
- To achieve both purposes, two sponsors (one NSI, one NCB) will be appointed within the CMFB Executive Body. They will be informed by Eurostat and more generally the CMFB members on evolutions, receive updated regulatory texts and accordingly, give their views or analysis to the Executive Body members as to the plenary CMFB.

- If and when needed, the Chair and the sponsors could propose a more in-depth study that could be carried out by a temporary technical Task Force.
3. In addition to this opinion, all of the anonymised answers from CMFB Members have been transmitted to Eurostat and will be kept in the records of the CMFB secretariat.



Jacques Fournier
Chairman of the CMFB

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