

Minutes of the CMFB Plenary meeting of 3-4 July 2014

First day, 3 July 2014, Thursday

1. OPENING

- (1) The Chairperson welcomed the participants and opened the meeting by referring to the busy agenda ahead of the Committee that had called for a meeting of 1.5 days. The Secretariat made housekeeping announcements.

2. ADOPTION OF THE AGENDA

- (2) Upon the advance written request from a Member, the information item B5, List of holding companies and head offices – implementation in the Register of Institutions and Affiliates Database, would be discussed under item A7.
- (3) The agenda was adopted without further amendments.

3. ORGANISATIONAL MATTERS AND REPORTS

3.1. Election of the Chairperson and Vice-Chairperson for the period 2015-2016

- (4) The Chairperson recalled that this was the last CMFB meeting in 2014, therefore the last one of his Chairpersonship. Mr João Cadete de Matos nominated Mr Jacques Fournier, Vice-Chairperson of the CMFB as the Chairperson to succeed Mr Joe Grice. Mr Fournier started his professional career in 1982 and had been Director General Statistics in the Banque de France since 2011. Mr Cadete de Matos further proposed Ms Kirsten Wismer, Director of Economic Statistics from Statistics Denmark, as Vice-Chairperson of the Committee. Ms Wismer had been working for Statistics Denmark since 1978. Mr Alfredo Cristobal seconded the nominations.
- (5) The Committee elected the new Chairperson and Vice-Chairperson for the period 2015-2016 by acclamation.
- (6) Mr Fournier thanked for the trust of the Committee, recalled the key importance of the CMFB regarding ESS-ESCB statistics and the excellent track record of Joe Grice as Chairperson. He appreciated the election of Ms Kirsten Wismer as Vice-Chairperson. Mr Fournier first priorities would be the follow-up on the quality of statistics underlying the MIP indicators (hereinafter CMFB TF on MIP), and raising issues of common interest to enhance knowledge and share practices among the two systems producing European statistics. He added that the work programme of the CMFB relating to transversal and cross-cutting issues had to be approved by the ESF.
- (7) Ms Wismer expressed her gratefulness to the Committee, thanked Mr Joe Grice for his excellent chairmanship over the previous 1.5 years and praised the Committee for its contributions. She underlined that ESS-ESCB cooperation was a daily necessity, enhancing and preserving it would become her first priority.

3.2. Interim report of the implementation of transversal and cross-cutting issues by the CMFB in 2014 CMFB and priorities for 2015

A. PRESENTATION

- (8) The Chairperson explained the procedure of adopting the CMFB Work Programme relating to transversal and cross-cutting issues for cooperation between the ESS and the ESCB. He reported that the ESF Bureau meeting of 16 June 2014 was very productive and

Bureau Members expressed appreciation, in particular but not only, for the work done on the quality of statistics underlying the MIP Scoreboard, which had also helped the Greek presidency in dealing with legislative proposals. He referred to the written account of developments, especially highlighting the good experiences gathered with the introduction of a 'sponsoring system' for individual work programme items. Concerning the work programme for 2015, first, incomplete and on-going items from 2014 should be carried forward and completed. Secondly, there might be implications for the work of the CMFB following the conclusions of the CMFB Contact Group in the cooperation of balance of payments statistics. Thirdly, new transversal and cross-cutting issues should be included, such as globalisation and Big Data. As these were rather broad areas, specific and concrete dimensions were selected where coordination by the CMFB could produce value added.

B. DISCUSSION

- (9) The Chairperson opened the floor for comments.
- (10) Comments found the new work programme very positive and helpful. It was also a chance to set a new highlight for the WP without getting lost in the universe of globalisation-related issues, hence the focus on specific items where the CMFB had competitive advantages vis-à-vis other institutions was important.
- (11) An intervention underlined the operational nature of the CMFB Work Programme and requested mentioning also its role in EDP matters. The Chairperson responded that it was a standing item according to the Memorandum of Understanding between the ESS and the ESCB, but agreed that CMFB operations in respect of EDP would be mentioned for the information of ESF Members outside the CMFB Work Programme to be adopted by the ESF.

C. CONCLUSION

- (12) The Chairperson concluded that the WP would be transmitted to the ESF Bureau with a cover letter on procedural matters. Regard should be taken of the OECD's work on globalisation, to avoid duplication of efforts.

4. EXCESSIVE DEFICIT PROCEDURE (EUROSTAT)

- (13) Eduardo Barredo-Capelot introduced himself as the new Eurostat Director of Government Finance Statistics and quality and congratulated the newly elected Chairperson and Vice-Chairperson of the Committee. He presented the regular EDP report and recalled that Commission Regulation (220/2014) which changes the references from ESA1995 to ESA2010 in Regulation 479/2009 was adopted on 7 March 2014. No further amendments were foreseen. He also recalled that the September 2014 EDP notification would be the first under ESA2010.
- (14) A comment requested a consultation on the classification of captive financial institutions before the finalisation of the new Manual on Government Deficit and Debt relating to ESA2010.
- (15) ECB DG-S welcomed the report of the Eurostat and praised it for the high degree of transparency. ESA2010 was a substantial challenge both technically and in terms of communication. The two systems would benefit from the support of the CMFB in this context.
- (16) The Chairperson thanked Eurostat for the presentation.

5. WP ITEM 1.1 – ENSURING THE QUALITY OF STATISTICS UNDERLYING THE MACROECONOMIC IMBALANCES PROCEDURE SCOREBOARD (SPONSORED BY EMIL DIMITROV AND KIRSTEN WISMER)

5.1. ESS-ESCB communication/work-programme on quality assurance of the statistics underlying the MIP

A. PRESENTATION

- (17) ECB DG-S recalled the adoption of the Final Report of the CMFB TF on MIP and its related Road map by the Committee via written procedure on 12 June 2014; hence the discussion was about the implementation of the Road map. The ECOFIN and the EFC had requested the ESS and the ESCB to continue cooperation in this field, and the request was seconded by the ESF. The communication should therefore be submitted to the ESF and via the EFC SCS to the EFC for the autumn statistical package of the ECOFIN. Following a description of the work programme, the need for a clear and easily understandable communication was emphasised.
- (18) Eurostat added that the programme was well balanced following the thorough discussions in the CMFB TF on MIP. The representative welcomed the large reliance on existing results of related work streams in different statistical domains. The programme had elements of quality monitoring, communication and possible quality improvement actions. The allocation of tasks between ECB DG-S, Eurostat and the Members States also reflected a proper balance. The programme complemented the existing responsibilities of the Commission. As regards the procedure, it would be sensible for the CMFB to address the document to the ESF and to the ECOFIN Council.
- (19) The Chairperson praised the progress made with this item of the CMFB Work Programme. The Committee was invited to comment.

B. DISCUSSION

- (20) The Road map was appreciated by several Members. A number of contributions recalled the substantial work that took place since the CMFB Plenary meeting of July 2013 and expressed the need for even faster progress. A comment especially welcomed the three-level approach and the possibility to provide non-technical messages in a framework that ensures consistency of communication. Interventions also stressed that the proposed framework should apply to all statistics underlying the MIP indicators, irrespective of their origin.
- (21) A series of comments were made concerning the third level of the three-level approach, the level of national inventories and quality reports. This was inherently difficult, as the set of domains was very large. The CMFB should propose a flexible, standardised and easily updateable way to address the treatment of sources, methods and quality of the statistics. It was added that a harmonised quality framework was within reach with some additional effort. SIMS might be a system to assist with the treatment of metadata, not excluding the possibility of other solutions. The templates should remain, especially at the start, as concise as possible, but provide a picture of the strictly necessary information, based on the sectoral legislation, for the second and first levels.
- (22) A comment recalled that users would mainly be interested in the comparability of the indicators, regardless of the introduction of new international statistical standards and irrespective of the institutions that produce them. The Chairperson added that the Council would not appreciate policy discussions being derailed by such issues, especially because the launching of administrative procedures were conditional on MIP statistics. A suggestion was made to clarify that statistical quality might (but should not necessarily) be affected by constraints set on human and financial resources.
- (23) Further interventions highlighted that the main message should focus on existing quality measures and possible gradual improvements, but should not create unrealistic

expectations in this respect. The presented document had the hybrid character of a communication and a work programme.

- (24) ECB DG-S thanked for the useful input of the Committee. The document focused on whether the ESS and the ESCB had adequate quality assurance procedures in place but was not directly dealing with the changeover process (that question would be taken up by the EFC SCS in September 2014) and did not comment on the parallel legislative process. The document was a ‘communication of a work programme’, a basis to discuss quality frameworks in place, possible needs for improvement and there seemed to be a high level of willingness at the political level for this discussion. The Road map itself was agreed with specific deadlines, but this communication and work programme was intended for a different purpose and remains therefore less specific. As per the drafting suggestions made, the particular comment concerning the link between quality and resources should be reflected. Level 3 would also need to be paid more attention, but a different wording might be influenced by the discussion of item 5.2.
- (25) Eurostat also thanked the Committee for the general support and took the point to accelerate work. For this reason, a major redrafting should ideally be avoided, but specific comments would be taken on board. A detailed discussion on level 3 documents should take place under item 5.2, but the key principle for metadata would be to rely on existing information and adjust it for MIP quality assurance purposes.

C. CONCLUSION

- (26) The Chairperson concluded that the document should be submitted to the ESF meeting of September 2014. It would be helpful in respect of the ongoing legislative processes. The communication element deserved further thinking, in order to be of maximum value and to achieve optimal impact.

5.2. Templates for national compilers on statistical quality and processes in the field of balance of payments and international investment position statistics

5.2.1. BACKGROUND NATIONAL TEMPLATES FOR MIP STATISTICS

A. PRESENTATION

- (27) The Chairperson invited the Sponsors to introduce the item. The Sponsors highlighted that the document was a good example of ESS-ESCB cooperation and clarified that from the point of view of statisticians, quality assurance systems should ideally cover all statistics, not only macroeconomic ones. There was a substantial amount of quality-related work done, but often in a stove-pipe approach that needed to be overcome. A template for MIP statistics was clearly needed, but this would only be one part of the national information provided as regards the quality of statistics. A common description of metadata would take place in a generic template that could be used for other statistics as well. The template would provide input for level 2 and level 1 documents. The template should be short, maximum 5 pages, and it could be developed further in a targeted manner. It was important to mention all principles, but sound methodology and comparability had pronounced importance. A small CMFB group of maximum 3+3 NSI/NCB representatives, co-chaired by Eurostat and ECB DG-S, should be considered to work on the proposal for the template. The present paper would be the basis for its mandate.
- (28) The Chairperson underlined that the key part of the proposition was setting up a technical group to deliver the generic templates, ideally for the January 2015 CMFB Plenary. He opened the discussion with the request to focus on the quality principles in order to frame the mandate of the proposed group.

B. DISCUSSION

- (29) Several comments thanked the Sponsors for their input and welcomed the good progress. The idea of a technical group received broad support. The principles were also largely agreed.

- (30) Interventions stressed the importance of developing common templates, even if this was a complicated task. It was unclear how the Eurostat template on balance of payments statistics related to the work of the CMFB TF on MIP. Many Members expressed that it was high time to make concrete progress; discussions within the Council Working Party Statistics should be guided by the results. The risk of making the templates overly light, therefore without much substance, must also be avoided.
- (31) A contribution recalled that the templates covering b.o.p. and i.i.p. statistics should deal with ITS and FDI as well. It was further added that methodology was important, but sources should be treated as well.
- (32) A comment emphasised that building up inventories of sources and methods could only be viable with a gradual approach by the CMFB.

C. CONCLUSION

- (33) The Chairperson noted the consensus on the establishment of a CMFB technical group, which should be set up as soon as possible.
- (34) Sponsors thanked for the support for the proposal, but found the expectations for providing templates for the autumn 2014 ECOFIN Council discussions not realistic, practical examples were more likely to become available in January 2015. ‘Adequacy of sources’ would be included among the principles and the generic template would be reusable in different statistical domains, across Member States and constituencies.
- (35) Banque de France and Banca d’Italia offered to participate in the technical group.

5.2.2. Updated template on statistical quality and processes in the field of balance of payments and international investment position statistics

A. PRESENTATION

- (36) The Chairperson invited Eurostat to introduce the item. Eurostat briefly explained that the issue was coming to the CMFB upon a request of some Members of the Eurostat Balance of Payments Committee. The b.o.p. quality assessment was an annual exercise conducted by Eurostat in accordance with the Balance of Payments Regulation (EC) No 184/2005. The template had to be updated due to the BMP6 implementation and additional quality assessment needs emerging from MIP initiatives including the CMFB Task Force. The CMFB was invited to take note and provide suggestions for further improvements.
- (37) The Chairperson thanked for the well-prepared and constructive presentation and opened the floor for comments.

B. DISCUSSION

- (38) A comment recalled that i.i.p. statistics were also covered by the quality report of the ECB and underlined that European institutions should coordinate among them and not request similar information twice in different formats.
- (39) It was seen important to have a communication plan attached to the templates, as said by the Eurostat representative, highlighting that certain issues were not directly quality problems but simply stemmed from the use of different methods.
- (40) Some interventions reminded that this template was not meant to be a step towards the MIP template and references to the work of the CMFB TF on MIP should ideally be deleted – a technical group was foreseen for MIP related quality templates. Other comments considered that consistency across templates was important and noted the relevance of the timing to synchronise the work of the Balance of Payments Committee and the CMFB technical group on MIP templates. The report might be considered as a transitory step in this direction.
- (41) A suggestion was made to delete 5.1, references to balance of payments inventories, which were not in place.

- (42) A comment explained that publishing detailed information might give the impression of providing high quality statistics, but that might not always be the case. It was suggested to address this issue by more appropriate quality indicators.

C. CONCLUSION

- (43) Eurostat explained that the 2015 exercise would be based on the revised BOP Quality Report, supported by the BOP Working Group of 9-10 April 2014 and the BOP Committee. However, this template would be considered an interim solution solely for the purposes of the 2015 quality reporting cycle. It would be reviewed further in view of the CMFB discussion and the conclusions of the CMFB TF concerning national templates on statistical quality and processes for statistics underlying the MIP indicators. The content and communication would ultimately be agreed with Member States. The quality measurement framework of the two systems should better converge over the longer term.
- (44) The chairman noted that the Committee endorsed this approach.

5.3. Formalisation of ESS-ESCB practical arrangements to enhance the quality and comparability of MIP statistics

A. PRESENTATION

- (45) Eurostat introduced the item in the context of the Road map, described its four main elements and the related timeline. ECB DG-S added that these practical arrangements were foreseen between the ESS and the ESCB, not just between Eurostat and the ECB. Hence the needs of a broad set of institutions would need to be taken into account.

B. DISCUSSION

- (46) Sponsors requested the timeline concerning the development of common templates to be corrected, i.e. that these would indeed become available for the January 2015 meeting of the Committee. Another intervention requested a more precise timetable.
- (47) Concerning the quality reports, one comment suggested that the CMFB should focus on the format of the reports. The process of adoption would be regulated by the MIP regulation.
- (48) The Chairperson requested clarification of the difference between the ESS-ESCB communication/work programme and the present document.
- (49) Eurostat responded that the communication/work programme specified *what* should be done, while the present document identified areas/topics of cooperation between the two systems. A follow-up document would be prepared describing *how* the cooperation in the identified areas would be implemented. A draft ESS-ESCB Quality assessment report for MIP relevant statistics was annexed to the Final Report of the CMFB TF on MIP and should merely be updated. The outlined arrangements might not be comprehensive nor should be understood as ways to solve issues at national level, where the subsidiarity principle should continue to apply.
- (50) ECB DG-S seconded this contribution. The new statistical standards could justify a report in early 2015; another option could be to use the existing report to communicate about the changeover process in autumn. The choice should be made in cooperation between the two systems.

C. CONCLUSION

- (51) The Chairperson concluded that all relevant documents relating to the Final Report and Road map on the CMFB TF on MIP should be transmitted to the ESF as part of a single package for its September 2014 meeting. A cover note should explain how the different documents relate to each other.

6. WP ITEM 1.2 – COORDINATION OF THE A CONSISTENT RESPONSE TO INTERNATIONAL INITIATIVES SUCH AS SDDS PLUS (SPONSORED BY AGNES NAARITS AND GERHARD ZIEBARTH)

6.1. Outcome and presentation of the CMFB questionnaire on Member States' plans for SDDS Plus compliance at the recent EU Regional Conference

- (52) The Chairperson asked the Sponsors to introduce the item. Gerhard Ziebarth recalled that this work package was treated with high priority; a questionnaire was launched in March 2014. The results were very representative, the questionnaire had a response rate of 97% and several open-ended responses were also provided. The results broadly confirmed the conclusions of the stock-taking exercise matching EU legal requirements with the G-20 Data Gaps Initiative and SDDS Plus requirements, first presented at the regional conference on the G-20 Data Gaps Initiative in April 2013 (hosted by the ECB) and later to the CMFB in July 2013: broad consistency would enable a number of European countries to adhere to the SDDS Plus. 20 countries could fulfil the minimum requirement for adherence by 2015, that is dissemination of 5 of the SDDS Plus data categories, provided that realistic transition plans would be available for the period up to 2019 for remaining data categories that could not be disseminated from the outset. Countries' reluctance to proceed in a rapid manner with SDDS Plus adherence was rooted in substantial resource constraints and the necessity to implement European legal requirements in a number of statistical areas as a first priority, whereas SDDS Plus adherence was a voluntary effort. The EU statistical framework was well-established and European statistics could provide a leading contribution to the IMF SDDS Plus initiative. Within the EU, NCBs and NSIs closely cooperated to agree on the priorities and make an efficient use of the resources, with the CMFB providing technical support in a broad sense (e.g. in the form of workshops, monitoring and information sharing). At world-wide level, multilateral information could also support SDDS Plus adherence by identifying priorities, clarifying any implementation issues and providing assistance.
- (53) The Chairperson invited comments, particularly relating to the potential role of the CMFB.
- (54) A comment suggested updating the questionnaire later in order to monitor the progress made with the adherence process, also emphasising that it was a global priority.

6.2. SDDS Plus: adherence requirements and work programme (IMF)

- (55) The Chairperson asked the IMF representative, Mr Robert York, to deliver the presentation. It touched upon (i) the seven steps for adherence (Communicate intention to adhere to Director of IMF Statistics Department; designate SDDS Plus coordinator; provide information on country's data dissemination practices for nine SDDS Plus categories to IMF staff; IMF staff visit or remote collaboration to evaluate potential adherence; prepare metadata, using Data Quality Assessment Framework; establish (the revamped) NSDP and create required SDMX files for SDDS/ SDDS Plus data categories; send letter to Fund Secretary indicating adherence); and (ii) the SDDS Plus work programme.
- (56) The Chairperson thanked for the informative presentation and opened the floor for follow-up questions.
- (57) A comment enquired about the date of distributing the updated SDDS Plus Guide. The IMF responded this would be most likely in early autumn 2014.

6.3. Interpretation of the SDDS Plus General Government Total Gross Debt category (ECB DG-S / Eurostat)

A. PRESENTATION

- (58) Eurostat briefly described the document, which presented the detailed reporting of the SDDS Plus category general government gross debt (GGD) for EU Member States (and EFTA countries). The reporting of Maastricht (EDP) debt complemented with the

appropriate metadata and hyperlinks complies with the General Government Gross Debt SDDS Plus category.

B. DISCUSSION

- (59) A comment recalled that the late distribution of the document made national preparatory discussions very difficult.
- (60) The OECD requested clarification on the proposed metadata clarifying the coverage of liabilities under the item ‘insurance, pensions and standardised guarantee in EDP debt.’
- (61) Following a question by a CMFB member, the ECB DG-S clarified that the SDDS Plus did not involve the reporting (transmission) of data to the IMF but the dissemination of the data in specific national data dissemination pages from which the data would directly be pulled.

C. CONCLUSION

- (62) The Chairperson concluded that an amended version of the note would be circulated by end-July 2014. While adherence to the SDDS Plus was a decision for national authorities, EU Member states were invited to refer to the document as terms of reference for the interpretation of the SDDS Plus General Government Total Gross Debt category.

7. WP ITEM 1.3 – FURTHER DEVELOPMENT OF THE EURO AREA INTEGRATED ACCOUNTS (SPONSORED BY JOÃO CADETE DE MATOS AND GERARD EDING)

7.1. Future release policy (ECB DG-S / Eurostat)

- (63) The Sponsors introduced the item by referring to the CMFB discussion at its previous meeting and highlighting that although progress had been made, outstanding issues remained relating to the release of the EAA after the implementation of the new ESA 2010.

A. PRESENTATION

- (64) Eurostat recalled the CMFB discussion in January 2014 and developments since then, touching upon the open issues as well. The main objective was to advance the release of EAA at t+94 days based on the transmission of financial and non-financial accounts received at t+85 days. The January 2014 CMFB meeting supported this initiative and underlined the benefit of a complete financial and non-financial accounting system, also offering its maximum help. According to the Quarterly Sector Accounts Task Force, 8 countries expected some revisions to the data submitted at t+85 taking place at t+3 months, during the first transmission after September, while 6 countries (amounting 60% of the euro area GDP) had indicated that the transmission at t+85 would be final. The quality analysis was a determining element for the duration of the transition towards the new release calendar at t+94 days. The ECB explained that the complete set of accounts relating to euro area institutional sectors would form part of the ECB release at t+94 days, with the exception of items of the Government Sector and if necessary other sectors that would enable users to derive EDP figures (the exact content of the Eurostat/ECB releases was subject to on-going discussions). The CMFB was invited to comment in particular on (i) the analysis of quality aspects in order to reflect on the duration of the transitional period leading to the first release of t+94 days; and (ii) and the possible level of detail of the t+94 release.

B. DISCUSSION

- (65) It was emphasised that advancing the release date of EAA accounts by almost one month would bring significant advantages to users. However, the reliability of the euro area data was referred to as an important factor to be taken into account during the advancement of the EAA release. Concerning the sensitivity of the quarterly government data at t+94, both financial and non-financial, it was also noted that at t+94 they referred to euro area general

government, not national, and most of the countries published shortly after t+90 their quarterly non-financial government accounts. Looking ahead, the consistency between the Rest of the World account in national financial accounts and balance of payments statistics should be examined at the European level.

- (66) Eurostat recalled that the sensitivity of the quarterly government data released at t+94 and the EDP constraint had to be fully respected, so that ECB and ESTAT would need to discuss items within the financial and the non-financial accounts linked to EDP/S13 that would need to be excluded from these early EAA releases. An intervention found the EDP constraints difficult to understand, stressing that these figures referred to the euro area general government figure. Furthermore, 20 EU Member States (including 12 euro area Member States) publish their quarterly non-financial government accounts before or at t+90. It was also underlined that not advancing with the publication would create an issue to be explained to the users, in particular after the efforts made by both NSIs and the NCBs in improving the timeliness of both non-financial and financial accounts.

C. CONCLUSION

- (67) ECB DG-S thanked for the support of the Committee to move forward with the release plans and committed to monitor quality issues both in QSA TF and WG EAA, taking into account that the majority of euro area countries would publish their sector accounts at t+90. A follow-up for the Committee would be provided at the January 2015 Plenary. Eurostat emphasised that the constraint of EDP must be respected, and the sensitivity of the data as well.
- (68) Sponsors complemented that the presentation and discussion put the outstanding issues on the release policy in a positive perspective and therefore it was expected that the necessary improvement in timeliness would soon be implemented. This work corresponded with national efforts to improve the timelines of the integrated accounts. The sponsors also stressed that the outstanding issues relating to government accounts should be addressed with caution, given the sensitivity of these data.
- (69) The Chairperson thanked for the constructive discussion.

7.2. Item B5 – List of holding companies and head offices - implementation in the Register of Institutions and Affiliates Database (RIAD)

A. PRESENTATION

- (70) The Chairperson recalled that this item was being discussed following a written request received from a Member of the Committee prior to the meeting, to which he had agreed.
- (71) The delegate from De Nederlandsche Bank shared some concerns regarding the implementation of the sectorisation of holding companies. Banks operating in the Netherlands were requesting a list of holding companies and head offices, which could not have been shared with reporting agents. The on-going work to use RIAD for this purpose was welcome but insufficient: there was a need to open-up public access to national business registers. The corresponding questionnaire showed approximately half of the countries with similar problems. Putting this experience in a broader context, i.e. moving towards a full set of EAA, distinguishing an increasing number of sectors and subsectors, more information should be made accessible. It was considered that the CMFB could request to make public or at list accessible national business registers at least to NSIs, NCBs and reporting agents.

B. DISCUSSION

- (72) The Chairperson thanked for the pertinent point made.
- (73) Comments supported the Dutch position and recalled that the economic relevance of private indebtedness indicators might be blurred in case of inappropriate treatment. While most users were possibly unaware of the issue, the CMFB ought to do more in this field, if at least to collect information, without undue delay. There should be full transparency as

per the list of head offices and holding companies classified in the financial sector. At a minimum on a need to know basis, for the purposes of consistency.

- (74) Eurostat recalled its interpretation as regards the distinction between holding companies and head offices in ESA2010. In every EDP dialogue visit to the Member States, due attention was given to the list of government controlled entities classified outside government. Head offices controlled by government should be reclassified into the general government sector.
- (75) An intervention stressed that the issue on access to those lists by respondents in order to apply correctly the sectorial allocation, should be placed in the wider context of the overall accessibility to confidential data (especially to business registers) by non-statisticians (respondents) but still for statistical purposes. This was a necessity in order to reduce the global burden linked to statistics. It was also recalled that the exchange of such data between statisticians was not easy and could be considered as a major step forward.

C. CONCLUSION

- (76) The Dutch delegate suggested bringing the issue to the attention of colleagues in charge of business registers, who may not be aware of the undue limitations posed by overly strict confidentiality (discussion so far focused on sharing information among statisticians). A letter from the Committee would be appropriate.
- (77) The Chairperson supported the suggestion to reflect further on this point, in particular on the possibility to address such a letter to Eurostat.

8. OTHER ITEMS OF THE CMFB WORK PROGRAMME

8.1. WP Item 2.1 – Promotion of the utilisation of the Legal Entity Identifier in statistical production (sponsored by Alfredo Cristobal and Jacques Fournier)

- (78) The Chairperson invited the Sponsors to lead the discussion. They reported about the related questionnaire that was in progress with a deadline of 25 July 2014 (the Chairperson's birthday!) and the planned note to be drafted thereafter for the November 2014 CMFB Executive Body meeting. 8 responses were already available at the time of the Plenary. There was a large interest in using LEI and the Committee was an appropriate forum to share information and experiences gathered with this system.
- (79) A comment asked about the relationship between the LEI, the envisaged FRIBS regulation and the EuroGroups Register (EGR). Sponsors responded that the combination of the LEI with the EGR would indeed be subject to the analysis to be carried out on the basis of the answers to the questionnaire. Eurostat explained that the EGR identification service was designed in a way that would allow incorporating the LEI once it became fully operational.
- (80) Another contribution asked about the roles of NCBs or NSIs, respectively, as regards the LEI. Would these roles focus on its use for statistical production or entail also managerial aspects such as the Local Operating Units (LOUs)? Sponsors reported that LEI was a prescriptive element of some reporting frameworks, but there was an incentive for each country to establish an LOU. Stage 2 of the LEI would be linking solo legal entities. Eurostat added that statisticians' assuming an active role in the LEI system's management would facilitate taking on board statistical needs.
- (81) The Chairperson underlined the importance of this item and added that there was much to explore..

8.2. WP Item 2.2 – Implementation of the new international statistical standards (ESA2010 and BMP6) and required changes to regulations and guidelines (sponsored by Luigi Cannari and Agnes Naarits)

A. PRESENTATION

- (82) The Chairperson asked Sponsors to introduce the item. Sponsors underlined the importance of explaining the main factors behind the ESA2010/BMP6 changeover to the general public, the international character of the process, and recalled recent and upcoming main events. There had been a conference held by Eurostat on 12-13 June 2014 and a related data collection on the impact of new statistical standards. Qualitative results had been presented at the 1 July 2014 EFC meeting. Another conference would be organised by ECB DG-S and Eurostat, possibly in mid-November 2014, to cover policy impacts of the changeover in a comprehensive manner.
- (83) Eurostat recalled the positive reaction of the EFC from the 1 July 2014 meeting to the debriefing on the coming changeover and communication policy. The representative recalled the ESS communication strategy and referred to the background document that described some of its elements. Member States' efforts in the field of communication were appreciated. Eurostat and ECB websites were operational to help these efforts, among others with FAQs and memos on main changes. Actual GDP figures for the Netherlands and France were also available. Eurostat templates for coordinated communication would also be circulated.
- (84) ECB DG-S continued by mentioning the planned article in the August 2014 edition of the ECB Monthly Bulletin, mainly dealing with the impacts of the ESA2010 and BMP6 changeover. The ESCB Statistics Committee was developing a high level communication strategy, in which national strategies would be embedded.

B. DISCUSSION

- (85) Comments emphasised the need for a common narrative on the introduction of new statistical standards; the Eurostat template was therefore welcomed. Eurostat was praised for the detailed discussion on communication strategy that took place over the previous 8 months and also for the June 2014 conference. These preparations proved to be helpful in managing the publication of the new figures.
- (86) A request was made that contributors should be consulted on the results of the impact assessment questionnaire launched by Eurostat. A Member reported having had published the response for the sake of transparency. Contributions also noted that it was important to avoid giving the impression of manipulating debt ratios.
- (87) The OECD asked if such templates would also collect information on the impacts of benchmark revisions. The Eurostat representative said that some countries had specific indicators that would be significantly affected by the changeover, information on these cases would also be important (e.g. households' savings in the UK). This could be collected by means of general questions. Furthermore, the exercise on impacts should not be confidential; the OECD would be interested in receiving this information as many EU Member States were OECD Members as well. Similar information should be collected for non-EU OECD countries. The OECD clarified that there would not be a 'big bang' implementation of SNA 2008; it was happening gradually in different non-EU economies. For a limited period, SNA 1993 and 2008 data would remain to be mixed in databases. The delegate made a plea for receiving the longest possible time series.
- (88) Eurostat recalled that there would be both methodological and statistical changes and that all elements would be addressed by the template. Eurostat remained open to receive comments on the template to ensure its relevance. The representative encouraged Members to strive for as much transparency as possible throughout the changeover process. Eurostat was also interested in receiving longer time series, i.e. starting before the reference period 1995. There was a request that the ESS communication strategy should advise the communication of structural breaks in time series. Some Member States would publish

long time series, some other would not, which might have an impact on the European aggregates.

C. CONCLUSION

- (89) The Chairperson thanked for the interesting discussion. He noted that many users were not convinced or lacked understanding about the necessity of the changes and saw the changeover as a disruptive process. Communication strategies should set out why the changes were being made e.g. to ensure keeping up with our economies' evolution and to ensure international comparability, as well as what the changes were and their effects

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(90) The Chairperson announced that on 2 July 2014 the Central Bank of Ireland had requested a CMFB consultation on the ESA2010 treatment of financial defeasance structures, “specifically on the interpretation of paragraph 2.67 of ESA 2010, and whether it differs in meaning from paragraph 2.49 of ESA 1995” and the applicability of Section IV.5.2.2 of the related Manual on Government Deficit and Debt. The Executive Body had agreed that two of its members, Alfredo Cristobal (INE Spain) and Luigi Cannari (Banca d’Italia), would act as facilitators to steer the process.

8.3. WP Item 2.3, Coordination of GFS discussions, implementation issues related to the ESA2010 and the associated Manual on Government Deficit and Debt (sponsored by Alfredo Cristobal and Jacques Fournier)

(91) The Chairperson invited Sponsors to introduce the item. They recalled that a questionnaire was being developed by the CMFB Executive Body based on the mandate received from the January 2014 Plenary. Its distribution was foreseen for end-July 2014 with a deadline for responses at around mid-October 2015.

(92) A comment wished for more clarification on the added value of the questionnaire and its relation to the on-going Eurostat questionnaire for the autumn 2014 EDP notification. Sponsors responded that the CMFB was neither a standard setting body nor requesting actual figures. The questionnaire was merely exploring potential difficulties in order to contribute to further work on this domain.

(93) A Member requested an update and pre-announced a consultation request as per the development of the ESA 2010 MGDD, especially in relation to the treatment of financial defeasance structures and captive financial institutions. The Chairperson, together with Eurostat, invited the representative to submit a written request.

9. CMFB CONTACT GROUP ON ESS-ESCB COOPERATION IN THE FIELD OF BALANCE OF PAYMENTS STATISTICS (CMFB CO-CHAIRS OF THE CONTACT GROUP)

A. PRESENTATION

(94) Following the distribution of the complete text, the Eurostat Co-Chair of the group outlined the conclusions reached by the Contact Group. The cooperation on b.o.p. statistics (including ITG, ITS, FDI and FATS) should be dealt with in the CMFB, a symmetrical bridging body including senior managers of the ESS and ESCB that had cooperation in the area of BOP already in its name and mandate. Given that the CMFB had an advisory role, the Contact Group suggested that the ESF would engage in an explicit (non-legislated) commitment to consult the CMFB on envisaged legal acts on b.o.p. statistics and related primary statistics (ITG, ITS, FDI and FATS), including the cross-cutting issues related to initiatives such as FRIBS. This commitment would be reflected in a new annex to the Memorandum of Understanding (MoU) on the cooperation between the ESS and the ESCB. There was a general understanding that the cooperation process would be of a permanent nature. The CMFB might be supported by substructures (e.g. task forces, subgroups, sub-committees etc.) addressing individual cooperation issues in this area. For reasons of flexibility, these substructures should be temporary, as light as possible, and have a clear mandate and timeline.

B. DISCUSSION

(95) Several Members congratulated the Members of the CMFB Contact Group for the substantial progress achieved with the dossier and supported the proposal, especially for its consensual nature.

(96) Some comments highlighted that since FRIBS had a prominent role in the conclusions, relations to business statistics or the work on statistical units and FDI should explicitly be mentioned. Further contributions recalled that cooperation as regards FRIBS was crucial

for exploring its significance in relation to balance of payments and international investment position statistics, business registers and the non-financial corporations sector , both for the sake of quality and mitigating the reporting burden. Following an intervention, the Chairperson noted that the CMFB Work Programme would need to settle the specific areas of involvement of the Committee.

- (97) A comment recalled that as the CMFB Chairperson was not invited to the ESSC meetings any more, more emphasis should be put on the relationship with the ESF. Another intervention suggested replacing accounting structure with accounting framework.
- (98) To ensure the mutual commitment of the two systems, a Member expressed the need for a clearer legal basis. Central banks were generally resistant to regulatory or other influence from the ESS. Other views praised the proposition for its pragmatic nature, which was easy to operationalise, and recalled that regulations take considerable time to conclude.
- (99) In regard to the organisational form of cooperation, a suggestion was made to set up a CMFB substructure.
- (100) ECB DG-S pointed out that the CMFB was an advisory body but one with a clear legal basis; its opinions might be taken into account by the EP/Council/EC and/or the ECB Governing Council. The Commission or the ECB would consult the CMFB in case of need, not the ESF (but the commitment would be made at the ESF, to be detailed afterwards in the ESS-ESCB Memorandum of Understanding). The Council Decision establishing the CMFB allowed for this, though it had not been frequently exercised in recent years. Where the CMFB provided valuable input, it would be most likely to be listened to. The Committee could not and would not take ownership of the FRIBS initiative, but would restrict its involvement to transversal issues. A temporary substructure would allow that not only colleagues from national accounts and balance of payments, but colleagues from primary statistics (e.g. BSDG) could contribute to these issues. In this sense, a CMFB opinion on the FRIBS regulation, limited to the transversal issues, could be envisaged. The CMFB Work Programme might be adjusted in this respect.
- (101) Eurostat was content with the flow of the discussion and underlined that a good and pragmatic compromise was in sight for FRIBS, its elements to be specified later on.

C. CONCLUSION

- (102) The Chairperson recognised the major advance in the way forward and the pragmatic character of the proposal. He opted for establishing substructures of a temporary nature and a clear timeline, but having a single substructure at a time. It was further concluded that the Committee should not be tied by very specific formulations, while the business in the area of FRIBS-related issues should be as consensual as could be achieved..
- (103) The Committee endorsed the conclusions of the CMFB Contact Group on ESS-ESCB cooperation in the field of balance of payments statistics, which would be transmitted to the ESF Bureau without amendments, along with a short procedural cover note. The September 2014 meeting of the ESF should discuss the document.
- (104) The Chairman warmly thanked the Members of the Contact Group for their efforts and dissolved the group.

10. BRINGING CONSISTENCY BETWEEN B.O.P./I.I.P. AND NATIONAL ACCOUNTS AS REGARDS THE TREATMENT OF EUR BANKNOTES (ECB DG-S)

A. PRESENTATION

- (105) ECB DG-S referred to the CMFB discussions of 2003 and 2009 in the context of national financial accounts. That treatment approved by the CMFB for EUR banknotes, still in place for national financial accounts, did not take into account the consistency vis-à-vis balance of payments statistics and the international investment position. Therefore, the WG

ES was invited by its members to discuss the possibility of extending this treatment to BOP/IIP. After a careful assessment of the implications of the new treatment, both the WG ES and the STC had endorsed the extension of this national financial accounts treatment to BOP/IIP, subject to the views of CMFB. The most recent discussion had started in late 2012 with the objective of introducing the new treatment in the context of the BPM6 changeover. However, as the process took longer than initially envisaged, some short-term flexibility would be necessary. In some cases, the impact on the net i.i.p. and external debt could be significant; it should thus be appropriately taken up in the communication on the BPM6 changeover.

- (106) Eurostat commented that the remuneration of intra euro area positions would be recorded as property income and no longer as current transfers in some countries, which would have an impact on GNI and therefore the Member States' contributions to the EU budget. Eurostat was in the process of consulting the GNI Committee and some of the responses received already diverged. Some countries were already implementing the proposed treatment, whereas others argued that the income arising from banknote issuances should be treated as current transfers (not to be confused with the monetary income reallocation, which was indeed a current transfer). The issue had been on the agenda of the May 2014 meeting of the GNI Committee and its next meeting would take place on 21-22 October, after the implementation of ESA2010 and BMP6. The CMFB should wait for the GNI deliberations.

B. DISCUSSION

- (107) A Member commented that the importance of the issue would be high in those countries where the issuance exceeded by far the ECB capital key. The proposed change would heavily impact the MIP indicator on net i.i.p., which caused communication issues (where ECB and Eurostat should jointly provide guidance for Member States). The impact both on national accounts (for those countries that had not yet implemented the treatment) and balance of payments statistics should be explored and coordinated to a larger extent.
- (108) A number of comments underlined that flexibility was desirable as to the timing of the implementation. Postponement beyond the ESA2010/BMP6 changeover should be considered. In relation to the methodology, many Members confirmed that comparability had important merits, inconsistencies with national financial accounts should be overcome, but proper communication should be attached to the subject. It was also added that eventual lack of support in October 2014 from the GNI Committee was a certain risk to the methodology. Not consulting the GNI Committee earlier was regrettable.
- (109) A question was raised as to whether Eurostat would accept these accounts. Eurostat responded that, for GNI purposes, it was not possible. A further question was raised about the consequences of a possible negative GNI decision. Eurostat added that this possibility would be addressed at an appropriate time.
- (110) A contribution reminded that following the decision of the GNI Committee, all countries should align to that decision without further discussion. (Some Member States had already implemented the new treatment in 2009, at the time of the CMFB opinion for national financial accounts.) Eurostat confirmed that this was indeed the case, but waiting until September 2015 with the implementation of the decision would spare needing to issue reservations.
- (111) Interventions also recalled that GNI data needed to be absolutely comparable. Should the method be agreed, it would apply for all Member States. The method itself was favoured by a series of Members, with the caveat that there was very little time left until the BMP6 changeover.
- (112) As regards the uncertainty of the estimation (currency holdings part), a comment put the issue in context with the estimation of illegal activities, highlighting that uncertainty in itself might not be an overwhelming argument against methods which were sound in their own terms. It was further added that Member States feeling sufficiently comfortable with the changeover should be allowed to proceed with the BMP6 implementation.

- (113) Eurostat, however, noted that national flexibility on GNI was not possible: only the timing could be discussed. A written procedure with the GNI Committee would be suboptimal due to the importance of the subject; implementation could be envisaged by September 2015.
- (114) ECB DG-S made a plea for a joint solution to be found during the months to come and stood ready to help the GNI Committee clarifying all the methodological aspects of the proposed treatment. There were confirmed inconsistencies between national accounts, b.o.p./i.i.p. and GNI, which need to be corrected as early as possible. The magnitude of the impact of the new treatment on net i.i.p. was not substantial in most Member States, and sizeable only in very few. ECB DG-S proposed to wait for the GNI Committee to make a final recommendation on the new treatment, but in view of the soundness of the methodology not to hold up countries that would like to proceed with the proposal to ensure statistical consistency at national level. A timetable should ensure some short-term flexibility and an ultimate deadline for convergence. Therefore, the ECB DG-S suggested that those Member States that would be in a position to do so and for which the impact of the new treatment on net i.i.p. was minor (e.g. up to 5% of GDP or up to 30 EUR billions), should be invited to implement the new treatment in the context of the BPM6 changeover. The remaining Member States, because of communication risks, were requested to implement the new treatment with the transmission of the monthly BOP data for reference period January 2015 in March 2015. This deadline for the ultimate implementation of the new treatment by all Member States assumes the endorsement of the new treatment by the GNI Committee. If that turned out not to be the case and discussions on the new treatment needed to continue, a postponement of implementation would be needed.

C. CONCLUSION

- (115) The Chairperson concluded that the Committee had not been able to reach agreement not agree on a joint way forward at this occasion. ECB DG-S and Eurostat should propose a workable timetable.

11. INTRODUCTORY DISCUSSION ON BIG DATA AND THE POTENTIAL ROLE OF THE CMFB (VICE-CHAIRPERSON)

- (116) The Chairperson invited the Vice-Chairperson to introduce the issue, who underlined that linking certain statistical domains was possible with Big Data. Enhancing synergies and avoiding the silo approach would also be enhanced. The CMFB should be aware that these developments were impacting official statistics and should stay ahead of the curve with its response. A stock taking exercise was suggested and the proposed work programme was opened for comments.
- (117) Members welcomed this kick-off discussion and its orientation. New opportunities should be seized to mitigate the burden both for reporters and compilers. Confidentiality issues would need, however, to be considered carefully.. An intervention highlighted that the definition of Big Data was unclear; often, it was more a reference to unstructured data than to the amount of data involved. The CMFB should benefit from the work of other international fora in this respect.
- (118) An intervention noted that the Committee could also investigate its involvement as regards the use of administrative data.
- (119) The Chairperson concluded that the Committee welcomed the initiative. It might add value in the coordination of certain activities and bringing together different actors involved. The stock-taking questionnaire, as a way forward, was endorsed.

12. ANY OTHER BUSINESS

- (120) No issues were raised.

(121) The next CMFB Plenary would take place 29-30 January 2015, hosted by the ECB in Frankfurt.

13. ANNEX 1 – CMFB CONTACT GROUP ON THE FUTURE COOPERATION BETWEEN THE ESS AND THE ESCB IN THE FIELD OF BALANCE OF PAYMENTS AND RELATED PRIMARY STATISTICS – DRAFT CONCLUSIONS

A. MANDATE

- (122) The “*CMFB Contact Group on ESS-ESCB cooperation in the field of balance of payments statistics*” (**Contact Group**) was set up to jointly **explore** practical and organisational cooperation modalities to further enhance the **ESS-ESCB cooperation on b.o.p. statistics**.
- (123) These cooperation modalities should **foster cohesion of the legal framework not only for b.o.p. statistics but also for related business statistics** and guarantee an adequate representation of those parties having a prominent role in the compilation of b.o.p. statistics at European level, including in the decision making.

Principles for ESS-ESCB cooperation on balance of payments and related external statistics

- (124) Balance of payments (b.o.p.) and international investment position (i.i.p.) statistics (hereinafter **BoP statistics**) **are of crucial importance** for monetary policy, financial stability and economic policies, including macroeconomic multilateral surveillance purposes.
- (125) The Contact Group was of the view that balance of payments statistics can be considered either as a comprehensive statistical product, encompassing the “*integral product*” as defined in BPM6 as well as its related primary statistics (ITG, ITS, FDI, FATS) or instead be seen as an “*accounting structure*” which is feed by these primary statistics. In any case, ensuring the coherence between the methodological concepts and data collection systems for the “core” BoP “accounting structure” and the main primary statistics (namely ITG, ITS, FDI and FATS) are requirements at the heart of a successful BoP strategy.
- (126) The contact group recognised that the primary statistics underlying BOP are multi-purpose and also feed other accounting frameworks and address user needs beyond BOP, e.g. in the area of globalisation. The needs of these related frameworks and their possible further integration need also to taken into account.

B. MODALITIES FOR ESS-ESCB COOPERATION ON BALANCE OF PAYMENTS AND RELATED EXTERNAL STATISTICS

- (127) As both the ESS and the ESCB produce BoP and related statistics under their respective governance structures, the cooperation modalities could be organised either around the structures of one of the two statistical systems or around structures bridging the two statistical systems.
- (128) The Contact Group explored options integrating the **cooperation modalities within the ESS or ESCB structures respectively**. Back in 2005, the European Parliament and Council supported such a cooperation modality when establishing the **Balance of Payments Committee** (BOP COM) to jointly shape the scope of the EU legal requirements in the field of BoP statistics and ensure consistency.
- (129) As both the ESS and the ESCB are producers of BoP statistics and have separate governance structures, the Contact Group was of the view that the **cooperation** on BoP statistics (including ITG, ITS, FDI and FATS) **cannot be arranged** through existing Commission or ECB **expert groups** but requires cooperation between the ESS and the ESCB.
- (130) Therefore, the Contact Group concluded that the cooperation on BoP statistics (including ITG, ITS, FDI and FATS) should be dealt with in the CMFB, a symmetrical bridging body including senior managers of the ESS and ESCB that has cooperation in the area of BOP already in its name and mandate.

(131) On 26 June 2014, the Commission (Eurostat) submitted to the European Parliament and the Council a proposal for amending Regulation (EC) No 184/2005 on balance of payments, ITS and FDI that includes abolishing the BOP COM and transferring all comitology powers to the ESSC. The final decision of the co-legislators is open at this point in time.

C. CMFB – THE MODALITY FOR ESS-ESCB COOPERATION ON BOP AND RELATED PRIMARY STATISTICS

(132) The Contact Group agreed that the **CMFB** would **provide** for operational and technical **cooperation** between the ESS and the ESCB on BoP matters. In particular, it should ensure cooperation on **long-standing issues on BoP** statistics (including on quality) and on developments and transversal issues between the BoP statistics and **related primary statistics**, namely ITG, ITS, FDI and FATS, including the cross-cutting issues related to **FRIBS** and similar initiatives.

(133) The cooperation between and further integration of BoP statistics and national accounts would also remain the task of the CMFB.

(134) The Contact Group was attracted by the track record of CMFB as a platform for operational cooperation between the ESS and the ESCB. The **CMFB** has a **legal basis** provided by a Council Decision¹ including BoP matters in its scope and has a **defined structure** and **rules of procedure**. The CMFB has also a rule-based **process for consultations** not only EDP matters but on all topics within its scope and as a result it delivers its **opinions**, which are published. Therefore, it can fulfil the function of **‘resolution mechanism’** for cooperation issues on BOP and related primary statistics.

(135) Given that the CMFB has an advisory role, the Contact Group was of the view that the **ESF** would have to **make** an explicit (non-legislated) **self-commitment to consult the CMFB on envisaged legal acts on BoP statistics and related primary statistics** (ITG, ITS, FDI and FATS), including initiatives such as FRIBS. This commitment would be reflected in a new annex to the **Memorandum of Understanding (MoU)** on the cooperation between the ESS and the ESCB.

(136) There was, a general understanding that the cooperation process is of permanent nature. The CMFB may be supported by substructures (e.g. task forces, subgroups, sub-committees,..) addressing individual cooperation issues in this area. For reasons of flexibility these substructures should be temporary, as light as possible, and with a clear mandate and timeline. The contact group considers important that the CMFB, directly or through a sub-structure, provides immediate attention to the issue of the relation between BOP and related primary statistics in the context of the FRIBS initiative. This topic and some other long standing issues (e.g. on quality) requiring also attention of the CMFB in the area of BoP statistics could be included in the 2015 work-programme of the CMFB.

¹ Council Decision (2006/856/EC) of 13 November 2006 establishing a Committee on monetary, financial and balance of payments statistics.