

WORK PROGRAMME 2005-2006

of the

COMMITTEE ON MONETARY, FINANCIAL AND BALANCE OF PAYMENTS STATISTICS (CMFB)

INTRODUCTION

1. This document constitutes the work programme presented by the new Chairman to the Committee for his term of office in conformity with Article 11 of the rules of procedure. It has been drafted in co-operation with the Executive Body, following consultation with the Commission (Eurostat) and the European Central Bank (DG Statistics).
2. The main role and range of interests of the CMFB are not expected to change for the period 2005-2006. In essence, the CMFB will continue to be an advisory body that has two tasks:
 - to assist the Commission (by expressing opinions *at the Commission's request*) in setting up and implementing programmes related to monetary, financial and balance of payments statistics;
 - to express opinions, on its *own initiative*, on any question relating to those statistics that are of common concern to the European Statistical System (ESS) and the European System of Central Banks (ESCB).
3. In carrying out these tasks, the CMFB will have to take account of several recent events and challenges that affect its work environment and its activities. Section I of this paper summarizes these major events and their consequences on some aspects of CMFB activities. Section II outlines the major priorities of the CMFB work programme for the next two years, bearing in mind this new environment.

SECTION I MAJOR EVENTS AND CHALLENGES AFFECTING CMFB ACTIVITIES

4. *The EU enlargement of 1 May 2004*, with ten new Member States joining the ESS and the ESCB represents a major event that will affect most aspects of CMFB work for several years. It will be necessary to integrate further the new Member States into CMFB activities and to incorporate more of their data into European aggregates while maintaining and improving timeliness and consistency of the aggregates. Moreover, participation of Candidate Countries as observers in CMFB meetings and in other activities should be supported and encouraged in order to aid their preparation for future membership. It is important that the CMFB and its members should continue to contribute to the assistance to the new Member States and the Candidate Countries

through appropriate mechanisms such as bilateral assistance, training, seminars and workshops.

5. *The Balance of Payments Regulation adopted in June 2004* has set up a regulatory Balance of Payments Committee that will deal with strategic and comitology issues related to Balance of Payments. The CMFB will continue to provide advice and discuss both short-term and long-term developments. The CMFB will monitor with particular attention work on relations between BOP and National Accounts.
6. *Work related to the Excessive Deficit Procedure (EDP)* statistics will continue to increase over the next two years. New issues are likely to be raised by both new and old Member States. In addition, EDP issues have attracted even more attention from political authorities and the public at large following questions raised in relation to recent EDP notifications from some countries. In this context, the Commission issued two Communications to the European Parliament and the Council in December 2004: "Towards a European Governance Strategy for Fiscal Statistics¹" and "Report on the accountability issue related to the revision of Greek budgetary data²".
7. ECOFIN has been discussing the need for *Quarterly National Accounts by institutional sector* since at least 1998 and adopted this area of statistics as a priority in the 2000 EMU Action Plan and the 2004 EFC Status Report. In response, the Commission, in close co-operation with the ECB and Member States, has prepared a *draft Regulation on quarterly European Accounts by institutional sector* that is expected to be adopted in the first half of 2005. The CMFB will continue to provide much encouragement and support to a Task Force which prepares the implementation of the QSA Regulation and the compilation of QSA for the EU/euro area with the Member States.
8. Other major events include the ongoing revision process of the System of National Accounts of 1993 (SNA 93) and of the Fifth Balance of Payments Manual (BOPM 5) and other related manuals, which requires a close co-ordination at European level. Moreover, European statisticians need to effectively channel their requirements and concerns to the relevant bodies so that they are taken into account when new or revised *international accounting standards (IAS) or international financial reporting standards (IFRS) are set up*.
9. Naturally, coping with these new events and requirements while maintaining and improving activities in all other CMFB areas will require very significant resources at both EU and national levels. Following the Council conclusions related to the EFC Status Report of June 2004, the CMFB may also contribute to the rebalancing of priorities in the field of monetary, financial and balance of payments statistics.
10. As new statistical requirements follow from political priorities and as the European economic decision-making is based on a wide set of macroeconomic statistics, there is an increasing need for a close co-operation between policy-makers and senior statisticians. An intensified co-operation between the CMFB and the newly established EFC Sub-committee on Statistics is therefore desirable.

¹COM(2004) 832 final of 22.12.2004

² COM(2004) 784 of 1.12.2004

SECTION II MAIN PRIORITIES REGARDING THE CMFB RANGE OF INTEREST

11. Taking into consideration these events and the range of interest of the CMFB, the overall intention is to include in the work programme a relatively short but focused list of priority issues so that CMFB Members are clear on the matters of greatest importance although, of course, other issues will arise from time to time.

I. MACROECONOMIC DOMAINS

12. The main focus will continue to be on adequate, timely provision of *macro economic statistics at EU and euro area level*. These must be provided in an efficient and independent manner that ensures the continued credibility of the statistical system. Bearing this in mind, the main priorities being suggested are set out in the following paragraphs.
13. *With regard to the Excessive Deficit Procedure (EDP)*, the CMFB will have to further develop its expertise, continue to affirm its independence and reinforce the transparency of its work in order to contribute to reinforcing the credibility of the statistical system in general and of the accounts for the government sector in particular. This implies fully implementing the new and strengthened EDP consultation procedures adopted by the CMFB in June 2004. In particular, the highest importance must be attached to the quality of the work of task forces during the investigation step of EDP consultations. The permanent list of Member State experts on EDP statistics that has been set up by the CMFB should contribute to this by enabling specific expertise to be mobilised quickly, where appropriate. Moreover, all CMFB Members should do their utmost to ensure that EDP compilers comply with the Code of Best Practice which was endorsed by ECOFIN in February 2003. In addition, the CMFB will have to monitor the implementation of the different legal acts on quarterly government accounts including the Council Regulation (EC) No 1222/2004 of 28 June 2004 concerning the compilation and transmission of data on the quarterly government debt.
14. The CMFB will be invited to offer suggestions about the proposals to be made by the Commission following the Communications mentioned in point 6 above. It will, more generally, develop its communications with the EFC via the EFC Sub-Committee on Statistics to ensure better understanding of the statistical issues involved and reinforce the credibility of the EDP process. The CMFB will continue to provide regular reports to the Chairman of the Sub-Committee to further promote mutual understanding.
15. *As far as public finance statistics are concerned*, the Working Group on Quality of Public Finances (WG QPF) of the Economic Policy Committee has requested that data on general government at two digit COFOG level should be made available in order to aid a quality assessment of this expenditure. The CMFB will follow closely developments on this subject and on the wider project of a database on government and public finance data which will enable Eurostat to check the quality and, in particular, the consistency of government finance data provided by Member States .
16. *Quarterly Sector Accounts (QSA)* are essential for business cycle analysis and for forecasting in the euro area and the EU. This area of work will continue to be a high

priority for the CMFB in 2005 and 2006. The draft Regulation on QSA is expected to be adopted in the first half of 2005. The deadline for the first transmission of data is 3 January 2006. Good progress has been made towards the regular compilation of this data set, but much more work is still required from both the ECB and Eurostat and from Member States. The CMFB and its Members will be required to fully co-operate on the QSA project and Members should allocate to it the resources required to allow reporting to start on schedule in January 2006 and to ensure the quality of the data thereafter..

17. *With respect to Balance of Payments*, the CMFB will be informed and/or consulted on major developments concerning, in particular, quality improvements and the implementation of new data collection systems based on direct reporting. A number of CMFB Members are likely to be members of the BOP Committee. The CMFB will also be involved in the further integration of quarterly and annual BOP and National Accounts and in work on the implementation of the forthcoming FATS Regulation.
18. *The ongoing revision process of SNA 93, BOPM 5 and other related manuals* requires close co-ordination at European level. Close co-ordination of European positions will help to present these more effectively at international level and contribute to maintaining consistency between SNA and ESA. The CMFB will play a key role in encouraging this co-ordination, based on work carried out by the Eurostat/ECB's DG S steering committee on the revision of SNA 93 and BOPM 5, and in evaluating consistency between the various international manuals.
19. Eurostat and the ECB should play a leading role within the ESS and the ESCB respectively. They should see to it that the composition of Technical Expert Groups (TEGs) is balanced so that all relevant viewpoints are taken into account. In addition, they should ensure that Member States that are not members of the TEGs or other bodies are involved and well informed about the revision process. It is also important that Eurostat and the ECB pay early attention to the timetables for implementation of the revised manuals so as to allow for adequate planning and preparation
20. In order to concentrate resources on the most important statistical domains (i.e. those areas highlighted in the EMU Action Plan in 2000 and the Principal European Economic Indicators), a *rebalancing of priorities* within European statistics and between the European and national statistics is envisaged. The CMFB will contribute to this exercise in the area of monetary, financial and balance of payments statistics. In this context, it will be important to promote the exchange of confidential information for statistical purposes and to find more efficient ways of compiling the relevant euro area aggregates. These include the use of differential reporting obligations and research into other ways to exploit economies of scale, in order to ensure that Member States concentrate on supplying data on those variables that have a real impact on EU aggregates. In this exercise, it is extremely important for the CMFB to ensure that both the range and quality of the main basic statistics that form the building blocks for the national accounts are not reduced. The CMFB will also aim to achieve that requirements and collection and compilation methods for (new) economic statistics are evaluated on a cost benefit basis and that, at the same time, opportunities for data reductions are pursued vigorously. It is essential for the credibility of statistics that the important aggregates are compiled accurately and in a timely fashion. However, demands for excessive detail at a high frequency can militate against this primary objective.

II. HORIZONTAL ACTIVITIES

20. In order to support the *quality* of monetary, financial and balance of payments statistics, the CMFB will continue to promote the development and use of the most appropriate IT tools and techniques throughout the ESS and the ESCB. The aim is to make the collection of data and the compilation and dissemination of statistics more efficient, to enable the release of data in a co-ordinated manner, and to facilitate the exchange and sharing of data and metadata through harmonised statistical infrastructures. In this context, the CMFB will, in particular, continue to support progress on the *Statistical Data and Metadata Exchange (SDMX)* Initiative and to strongly encourage a generalised use of *GESMES/TS* for exchanging statistical data within the ESS and between the ESS and the ESCB, so as to reach the level of automation achieved within the ESCB, where it is now fully implemented. In addition, ways of further improving the CMFB website will be sought.
21. Following the adoption, in September 2003, of a Commission Regulation on IAS, the CMFB considers it very important to ensure that statistical requirements are adequately taken into account in new or revised *IAS or IFRS*. In addition, every effort should be made to co-ordinate the implementation of IAS both within and between the various countries and to harmonise reporting requirements. This would help to reduce the reporting burden on enterprises, to improve data sources for statistics and to minimise breaks in series. As was agreed at the June 2004 CMFB meeting, the CMFB will continue to play a major role in communicating the requirements of European statisticians vis-à-vis the IAS and IFRS setters.

While particular emphasis will be put on the above-mentioned priorities over the next two years, the CMFB will naturally continue to closely follow developments in all its other areas of interest (e.g. HICP, financial services statistics, trade statistics in relation with BOP, seasonal adjustment, specific quality frameworks, revision policy, etc.). The CMFB will also continue to actively co-operate with other bodies involved in statistical work including Eurostat and the Statistical Programme Committee, the ECB's DG Statistics and the Statistics Committee, and the Economic and Financial Committee via its Sub-committee on Statistics.