

**MAIN CONCLUSIONS AND LIST OF ACTIONS OF THE**  
**CMFB MEETING HELD ON 1-2 JULY 2010**

(final – 8 September 2010)

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**1. OPENING OF THE MEETING**

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

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**2. ADOPTION OF THE AGENDA**

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- 2.1 The Chairman suggested moving item 5 on "Revision on International standards" to the second day of the meeting.
- 2.2 The agenda was adopted.

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**3. ORGANISATIONAL MATTERS**

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- 3.1 The Chairman reminded CMFB members that they had received a proposal for the next CMFB Chairman and Vice-chairman on 7 June 2010. As no other candidates were put forward, the CMFB voted on the proposal. João Cadete de Matos was elected unanimously as the next Chairman and Fabrice Lengart was elected unanimously as next Vice-Chairman. Both accepted the election. The Chairman explained that the next step would be a proposal for a new Executive Body by the newly elected Chairman.

<b>Deadline:</b>	<b>Recommendation or Action:</b>	<b>Responsible:</b>
October 2010	Prepare proposal for new CMFB Executive Body	Next Chairman

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## 4. EXCESSIVE DEFICIT PROCEDURE

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### 4.1. EDP ACTIVITIES (REVISION OF REGULATION, ACTION PLAN, ETC) – PROGRESS REPORT (EUROSTAT)

#### 4.1.1. Progress report

##### Presentation

- 4.1 Eurostat informed about recent EDP activities. The 22 April 2010 release of EDP data contained the supplementary tables for the activities undertaken by government to support financial institutions, as in October 2009, and there was a reservation on Greek data. Several dialogue visits planned for spring 2010 had been postponed until autumn 2010 due to the activities related to the crisis of Greece.
- 4.2 Regarding Greece, the Commission in cooperation with the Greek authorities had prepared an action plan that was presented to the ECOFIN Council in May 2010. The three pillars of the plan covered actions to improve the institutional and governance framework; actions to enhance the capacity of the Greek statistical system; and actions to improve public finance statistics.
- 4.3 Eurostat also informed about the Commission proposal for amending Council Regulation 479/2009 as regards the quality of statistical data in the context of EDP. The main element of the proposal related to EDP methodological visits in exceptional cases where significant risks or problems have been clearly identified. According to the draft proposal, Eurostat should decide on the need for such visits based on an indicative and non-exhaustive list of criteria and Eurostat should inform EFC and CMFB about its decision. The Commission proposal had been discussed at the Council Working Party on Statistics and a compromise proposal had been discussed at the EFC. The ECOFIN Council agreed on the general approach at its meeting of 8 June. The Council will adopt the compromise proposal after the Plenary meeting of the European Parliament of 6 July 2010. The European Parliament had already expressed a strong support for the compromise and it was expected that the amended Regulation would be adopted by October 2010.

##### Discussion

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##### Conclusion

- 4.4 The Chairman noted that the initiative in relation to the revision of the Regulation 479/2009 is with the Council and Parliament for the moment. The CMFB awaits the outcome and, especially, how Eurostat will implement the new measures in practice.

#### 4.1.2. European Financial Stability Facility

##### Presentation

- 4.5 Eurostat informed about the background for the European Financial Stability Facility (EFSF) and noted that the statistical recording may have a visible impact on the debt and deficit of those Member States participating because of the large amounts involved. A preliminary discussion had taken place at the Financial Accounts Working Group (FAWG) in early June. Since then, the statute of the EFSF and the EFSF Framework Agreement with participating Member States had become available.
- 4.6 Eurostat explained that the EFSF is an entity set up in Luxembourg. The purpose of the EFSF is to facilitate or provide financing to Member States in financial difficulties, initially to members of the euro area. The shareholders are the euro area MSs, but Sweden and Poland have also expressed an interest in participating in the EFSF. The EFSF may raise money by issuing financial instruments or by entering into financing arrangements with its shareholders or third parties. The liabilities of the EFSF may be guaranteed by some or all of its shareholders and/or may be collateralized or benefit from credit support mechanisms. Eurostat also provided an overview of the decision process and other characteristics of the EFSF that would be relevant, e.g., for the classification of the unit. The main preliminary conclusion of Eurostat was that the debt incurred by the EFSF should be clearly allocated to the relevant participating MSs.

- 4.7 Eurostat underlined the need to finalise the EDP treatment as soon as possible and proposed to prepare a background document to seek the views of the members of CMFB and the FAWG.

#### Discussion

- 4.8 The CMFB discussed various aspects related to the recording of the EFSF. Some members reminded the CMFB that the recording of the EFSF should be aligned across the statistical domains of Balance of Payments (BoP), national accounts, and EDP, and there were some suggestions about how to address the BoP issues. In addition to the elements already raised by Eurostat, it was suggested to provide more information on the possible recording of assets and guarantees, the recording of income/expenditure flows such as service fees, interest, etc., and possibly to supplement with an example showing how balance sheets should be compiled.
- 4.9 Finally, it was suggested to Eurostat that the EDP table on Maastricht debt (gross debt) should be supplemented by a table on net debt.
- 4.10 Eurostat took note of the suggestions.

#### Conclusion

- 4.11 The Chairman noted that it is important to have an open discussion and a transparent process regarding the statistical accounting principles for the new EFSF. The CMFB welcomed that Eurostat would provide additional information to the members of the CMFB, especially that the documents on establishment of the EFSF and a background document by Eurostat containing an evaluation on the recording of the EFSF would be distributed as soon as possible. The CMFB encouraged Eurostat to address the questions raised at the meeting and welcomed that CMFB members would be given further opportunity to provide comments and raise questions. The Chairman emphasised the importance of arriving quickly at a Decision

Deadline:	Recommendation or Action:	Responsible:
July 2010	Distribute relevant documents regarding the EFSF to the members of the CMFB	Eurostat

## 4.2. MANUAL ON GOVERNMENT DEBT AND DEFICIT – PROGRESS REPORT (EUROSTAT)

#### Presentation

- 4.12 Eurostat explained briefly the project to update the MGDD. The project, which had started three years ago, was coming to an end soon. The deadline for the consultation on the full manual was 9 July 2010, and this would allow the publication of the new Third Edition of the MGDD before the October 2010 notification.
- 4.13 The CMFB Chairman supplemented the Eurostat presentation by explaining that the consultation on the MGDD was exceptional because of the size and nature of the document in question (around 350 pages). For that reason, he suggested to extend the deadline for the replies by 10 working days compared to the deadline foreseen for normal consultations in the 'CMFB rules of Procedure regarding EDP consultations'.

#### Discussion

- 4.14 Both Eurostat and the members of the CMFB agreed explicitly with the proposal to extend the deadline for the consultation by 10 working days until 23 July 2010.
- 4.15 There was some discussion about the implementation date for the Third Edition of the MGDD because the content in the Third Edition of the MGDD may influence the recording of some projects in Member States, e.g. public-private partnerships. Regarding the longer term planning, it was suggested that work on the next version of the MGDD should start in 2012 in order to synchronise with the implementation of ESA-2010 in 2014. One member had specific questions about the chapter on Financial Defeasance.

#### Conclusion

- 4.16 The CMFB thanked Eurostat for the progress report. The CMFB agreed to extend the deadline for the CMFB consultation on the Third Edition of the MGDD until 23 July 2010. It was underlined

that the extension was due to the exceptional size of the documentation, and the CMFB thanked Eurostat for giving its explicit agreement to the extension.

- 4.17 The CMFB took note of the Eurostat plans to update the MGDD in line with ESA-2010. This work would most likely start in 2012. Finally, Eurostat would clarify the timing for the implementation of the Third Edition of the MGDD and check the issues concerning the chapter on Financial Defeasance bilaterally with the Member State concerned.

<b>Deadline:</b>	<b>Recommendation or Action:</b>	<b>Responsible:</b>
September 2010 at the latest	Clarify the timing of the implementation of the Third Edition of the MGDD	Eurostat

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## 5. REVISION OF INTERNATIONAL STANDARDS

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### 5.1. STATE OF PLAY ON THE REVISION OF THE ESA 95 (EUROSTAT)

#### 5.1.1. General progress

##### Presentation

- 5.1 Eurostat made a brief overview of the major events that took place since January 2010. Following the ESA Review Group meeting in March 2010, the draft ESA was amended and an informal consultation of the Directors of Macro-Economic Statistics (DMES) and the ESA Review Group took place on the legal text and the two annexes with the methodology and the transmission programme. The deadline had been extended to 9 July 2010. Eurostat mentioned that the draft text contained a mistake in Article 5 regarding the date of the first transmission, which would be corrected in a revised version of the draft legal text.
- 5.2 Concerning methodological issues, Eurostat would consider the comments received in the informal consultation for the next version of the chapters.
- 5.3 Concerning the transmission programme, Member States (MSs) recognised in general the efforts by Eurostat to take account of the remarks made at earlier meetings. However, the recent tightening of resources in NSIs was also a matter of concern. The main points referred to:
- the 30-60-90 approach for quarterly accounts;
  - the level of detail for institutional sectors, in particular in the private sector and the details of some subsectors, both for non-financial and financial accounts;
  - regional accounts, where the T+12 transmission is now voluntary, and the regional breakdown of government.
- Some additional remarks related to the breakdown of assets in different tables. The comments on the R&D tables would be addressed following the work of the R&D task force.
- 5.4 Concerning derogations, there were some requests to exempt from backward requirements, progressive implementation of new items, and general exemptions from the transmission of (mainly new) items. Eurostat would assess the requests in light of the need to compile European aggregates and with a view to improve the data availability compared to the current situation. Eurostat acknowledged that some special cases might be justified depending the situation of the country.
- 5.5 Eurostat would prepare a revised proposal by mid-July 2010 based on the replies to the informal consultation of the DMES and the ESA Review Group.

##### Discussion

- 5.6 For the methodological part, Eurostat and ECB DG-S will further look into the issue of consistency between the new ESA and the ECB regulations regarding the breakdowns within the financial corporations sector, in particular the delineation of the MFI subsector. In this context, the specific remarks and the possible borderline cases for euro area/non-euro area countries will be examined.
- 5.7 Concerning the market/non-market delineation, there was some discussion on the implementation of a qualitative approach that would be supplemented by a quantitative approach based on the 50% rule for difficult cases. It was considered that these various aspects, in particular the qualitative criteria, required further clarifications. It was pointed out that the issue should be examined carefully in due time, when more clarity is gathered and concrete data can be available. It was also mentioned that there are four years to prepare the communication and prepare users and citizens on possible changes to the classification.
- 5.8 Concerning the Transmission Programme, several members mentioned constraints in relation to respondent burden and availability of resources. Other comments related to the transmission of quarterly government finance statistics in April and October because of the EDP notifications, quarterly sector accounts at t+80/90, the difficulties with the transmission of quarterly accounts at

t+60 for small open economies because BoP data may not be available or sufficiently reliable, and the provision of backward data for the period before 1995 because detailed data do not exist or can only be retrieved at a high cost. Eurostat recognised the need to address the issues raised, including availability of resources. Eurostat indicated that one way forward could be a progressive implementation of some of the new requirements. Eurostat also underlined that derogations should be considered as temporary exceptions to the general rules and, ideally, the final act will only include cases of very specific transitional nature.

- 5.9 Eurostat clarified that the CMFB and the GNI Committees, as part of the legislative procedure, will be consulted in written form on the new ESA at the end of August or early September 2010. All the consolidated documents will be made available on CIRCA as soon as practically feasible.

#### **Conclusion**

- 5.10 The Chairman thanked Eurostat for the presentation. The CMFB took note of the progress and appreciated the confirmation by Eurostat that the date of first transmission is September 2014 and not March 2015.
- 5.11 The CMFB welcomed that Eurostat and ECB DG-S will discuss the issue of consistency of the breakdowns of the financial corporations sector.
- 5.12 Furthermore, the CMFB welcomed that Eurostat will take account of the comments raised by the DMES and the ESA Review Group in the informal consultation. The CMFB also welcomed that Eurostat will make a further evaluation of the derogations requested by Member States in relation to the transmission programme, taking account of the impact on EU aggregates, the priorities of the different tables, the need to ensure the regular transmission of comparable data sets (having a higher priority than longer and/or more detailed time-series of backdata), and other more specific circumstances.
- 5.13 Finally, the Chairman noted that the formal consultation of the CMFB will take place in August-September 2010 and that the CMFB will have about one month for the reply. In order to focus the consultation, the Executive Body would prepare a draft outline for the opinion.

<b>Deadline:</b>	<b>Recommendation or Action:</b>	<b>Responsible:</b>
August/September 2010	Formal consultation of the CMFB on new ESA	Eurostat

#### **5.1.2. ESA research programme**

##### **Presentation**

- 5.14 Eurostat informed about the current version of the ESA research agenda. Based on the SNA research agenda, Member States had been asked to indicate their priorities and identify other issues in a European context. In total, ten high priority issues had been identified and they will be part of the ESA 2010 Research Programme. For two of these issues, namely FISIM and tradable emission permits, task forces have been set up. For the remaining eight issues, Eurostat would encourage Member States to take the lead by setting up groups or task forces, analyse the issues and develop relevant methodologies. Some additional issues including goods for processing, prices and volumes in particular for non-market services, and 'GDP and beyond' will be examined by other groups or bodies.
- 5.15 The draft ESA 2010 research programme will be discussed in detail at the meeting of the ESA review group in November 2010.

##### **Discussion**

- 5.16 CMFB members welcomed the draft ESA 2010 Research Programme and agreed generally with the ten priority issues. It was emphasised that the subjects of the ESA research programme should remain coordinated with the SNA research programme and that closed issues should not be reopened. It was proposed that the ESA programme should be expanded to cover social security schemes and globalisation<sup>1</sup>, especially special purpose entities. Furthermore, that it should take a

<sup>1</sup> see item 6.2

broader view on the basic accounting rules and emphasise the links to international accounting standards, e.g., by coordinating with the activities of the task force on Accounting and Statistics and, possibly, the IASB. Some research topics relating to financial services and aspects of FISIM will be addressed in the future research programme and not in the mandate of the FISIM task force.

- 5.17 Given the resource constraints, there was some concern that it would not be possible to solve all the problems before 2014. Eurostat suggested that the highest priorities should be assigned to the FISIM task force and to goods for processing (globalisation).
- 5.18 Finally, it was noted that BoP compilers would be interested in several of the topics and that ECB Working Groups could contribute to some of the issues. ECB DG-S agreed that a few of the ten priority issues could be taken up by ECB working groups in close collaboration with Eurostat.

### Conclusion

- 5.19 The Chairman thanked Eurostat for the presentation and the clarifications. The CMFB welcomed the research programme. The CMFB agreed that the main priorities would be the topics related to FISIM and goods for processing (globalisation), and acknowledged the need to progress on emission permits and volume measurement of non-market services. It was suggested that the rest of the research programme has a lower priority, especially compared to the implementation of NACE Rev. 2, ESA-2010 and BPM6.
- 5.20 The CMFB took note of the invitation to Member States to take a lead on some of the topics. Eurostat will prepare a request in the near future. The CMFB emphasised that several topics are perfect candidates for further cooperation between the ESCB and the ESS and invited both constituencies to participate in the work. Finally, the CMFB took note of the suggestion to involve the task force on Accounting and Statistics.

Deadline:	Recommendation or Action:	Responsible:
Autumn 2010	Coordinate with Task Force on Accounting and Statistics	Eurostat
Autumn 2010	Volunteer to set up groups or task forces for remaining topics	Members States
Autumn 2010	Involve WG-ES	ECB DG-S and Eurostat

## 5.2. BALANCE OF PAYMENTS TRANSMISSION PROGRAMME – PROGRESS REPORT (EUROSTAT/ECB DG-S)

### Presentation

- 5.21 Eurostat provided an overview of the progress regarding the new BoP transmission programme. The good cooperation between Eurostat/ESS and ECB/ESCB was underlined.
- 5.22 After a careful analysis in which existing data requirements were streamlined and integrated with new requirements, Eurostat and ECB DG-S had identified five data requests covering different data, frequency, and timeliness needs. It was noted that the level of details required by the new manuals was a concern to some countries and it would be proposed to make some new details voluntary.
- 5.23 For Foreign Direct Investment (FDI), the Euro Group Register (EGR) was considered an essential data source in order to identify the FDI relationships, including the Ultimate Controlling Institutional unit (UCI) of fellow enterprises, and Special Purpose Entities (SPEs) according to the Community concept. For the quarterly BoP and International Investment Position (IIP) reporting, the main issue was the transmission deadline due to the links to the Quarterly Sector Accounts (QSA). Most Member States would be able to comply with the new data request at t+85, but only a few at t+77 or t+80. It was noted that the legal requirements might be different for euro area and non-euro area MSs.
- 5.24 A new version of the proposal would be submitted for written consultation before it would be discussed at the forthcoming meetings of the ECB WG-ES (Working Group on External Statistics) and the BoP WG. It was expected that the proposal could be agreed by the BoP Committee and the STC in 2010 and that the technical steps in the revision of the legal frameworks would be completed by end of 2011 and so that the legal acts could be published in 2012.

**Discussion**

- 5.25 The CMFB welcomed the efforts by Eurostat and the ECB to rationalise and coordinate the data requirements where this would be of help in reducing the burden. The CMFB also welcomed that further discussions would take place in the Eurostat and ECB committees and working groups while - at the same time - emphasising the need to follow an agreed roadmap.
- 5.26 Several members mentioned the need to verify actual user requirements and suggested to continue with a merits and costs exercise. It was also proposed to investigate whether more value could be extracted from the existing data collection systems, and to ensure that reporting to non-EU organisations such as the IMF would be covered.
- 5.27 There was some concern about the FDI requirements (Ultimate Controlling Institutional unit, fellow enterprises, special purpose entities) as this will add significantly to the data requirements. The breakdown of financial instruments by currency and by residual maturity also caused some concerns but it was indicated that the requirements are linked to real needs in relation to monetary and financial stability. Eurostat clarified that transmissions of data to the ECB and Eurostat will be coordinated to the extent possible and, for example, the monthly BoP reporting should only be transmitted once. Finally, it was confirmed that differences in the requirements for euro area and non-euro area countries would continue to exist.
- 5.28 On the quality reporting, it was clarified that this applies to the mandatory requirements and not to the voluntary components. Finally, it was noted that some errors would need to be corrected in the annexes to the document.

**Conclusion**

- 5.29 The Chairman thanked Eurostat for the presentation and the clarifications by Eurostat and ECB DG-S.
- 5.30 The CMFB welcomed the progress that had been achieved since February 2010. The CMFB took note of the concerns expressed by Member States, especially in relation to certain detailed data requirements and in relation to the identification of the UCI units and SPEs. The CMFB called for a light merits and cost exercise and requested Eurostat and ECB DG-S to assess the feasibility of such an exercise. Finally, the CMFB welcomed the continued consultation process with the MSs.

<b>Deadline:</b>	<b>Recommendation or Action:</b>	<b>Responsible:</b>
Autumn 2010	Assess the feasibility of a light merits and cost exercise	ECB DG-S and Eurostat

### **5.3. QUARTERLY EURO AREA ACCOUNTS AND B.O.P./I.I.P. STATISTICS – INTEGRATED APPROACH BETWEEN THE FORTHCOMING ESA AND B.O.P./I.I.P. LEGAL ACTS (ECB DG-S)**

**Presentation**

- 5.31 ECB DG-S informed the CMFB about the discussions on quarterly euro area accounts and BoP/IIP statistics at the STC meeting, June 2010. It had been agreed to set up a feasibility study on how to implement a compilation of the euro area accounts at t+90 with an earlier provision of BoP data. This feasibility study should be carried out in close cooperation with Eurostat and the NSIs. There was a clear willingness at the STC meeting to compromise and to downscale the degree of details needed in order to arrive at an estimate for the euro area accounts at aggregated level at t+90. ECB DG-S underlined that the attention focused on the euro area accounts and not on the individual country estimates. The interlinkages with the EDP process for the 1st and 3rd quarter were also mentioned. Finally, ECB DG-S emphasised the need to progress on BoP requirements and to start preparing the legal acts soon.

**Discussion**

- 5.32 Several CMFB members highlighted the problems related to the proposed deadline of t+80. It was noted that the compilation of sector accounts depends on the timely availability of, e.g., BoP data and government accounts, and that these again depend on other sources. There is also a direct connection between the quality of the available data and the reliability of the breakdowns. For example, the estimation of household sector data is affected by the reliability of government data. In other cases, some items might appear as unallocated amounts in the early estimates, which may



result in significant revisions later. The links between the government accounts and the EDP notification process were also emphasised.

- 5.33 Several CMFB members emphasised that quarterly sector account data are used for multiple purposes, and underlined the need also to consider the requirements of domestic users regarding timeliness and quality.
- 5.34 There was some concern about the proposal for a dual transmission of data, even if it would only be a temporary measure until 2014. The concerns related to the cost and burden of such a proposal because of the difficulties in obtaining certain early data and because the production process in some countries is set up to produce a full set of data and not data at different levels of detail, especially for BoP data.
- 5.35 There was general support for the proposal to set up a study on the compilation of quarterly sector accounts. The need to assess practical aspects as well as the trade-off between accuracy and timeliness was emphasised by most members. It was also suggested to consider the feasibility and constraints in terms of resource requirements, costs of different options, availability of basic data, and a progressive approach to the implementation.
- 5.36 Finally, it was noted that there is a need for the relevant bodies to reach a compromise on the issues before Member States will be in a good position to prepare the implementation.

#### **Conclusion**

- 5.37 The Chairman thanked ECB DG-S for the presentation and the additional comments. The CMFB agreed (with the STC conclusions) that there is a need to arrive at concrete results and legal certainty as soon as possible. The CMFB fully agreed with the aim of publishing euro area accounts at t+90. However, a large number of CMFB members expressed concerns about the feasibility of transmission of data at t+80, the possible double transmission, and the alignment with other detailed data requests. Furthermore, it was also mentioned that not only the reliability of EU or euro area aggregates but also the reliability of national data should be taken into account. The CMFB welcomed the feasibility study in order to arrive at a proper assessment of timeliness, reliability, and required level of details.

#### **5.4. COORDINATION ISSUES RELATED TO THE IMPLEMENTATION OF NEW NATIONAL ACCOUNTS AND BALANCE OF PAYMENTS TRANSMISSION PROGRAMMES – RESULTS OF SURVEY (CMFB SECRETARIAT)**

##### **Presentation**

- 5.38 The Secretary of the CMFB made a brief presentation of the main findings from the survey on the implementation plans for the new National Accounts and Balance of Payments transmission programmes. The issues identified by Member States had been structured according to overall broad planning, organisation and coordination issues, methodological issues, data production, and communication with external partners. It was emphasised that many of the detailed replies could be a relevant source for the national planning by other MSs.

##### **Discussion**

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##### **Conclusion**

- 5.39 The Chairman thanked for the presentation and thanked all members for replying to the survey. The Chairman considered that the survey had been very useful in order to raise awareness on the need for cooperation between NCBs and NSIs, and it was concluded that the CMFB encourages all organisations involved in the implementation of the National Accounts and Balance of Payments transmission programmes to take note of the findings.

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## 6. NATIONAL AND FINANCIAL ACCOUNTS

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### 6.1. MEASURING BANKING ACTIVITY: RECONCILING BANKERS' AND NATIONAL ACCOUNTANTS' POINTS OF VIEW (INSEE/BDF)

#### Presentation

- 6.1 In their presentation, INSEE and Banque de France addressed the discrepancies between the measurement of banking activities by bankers and by national accountants. From a banking perspective, the main interest is to measure net income of the core business. From a national accountant's point of view, the main interest is to measure 'value added'. It was recalled that the principle of 'value added' should be applied consistently across all sectors. The elements covered by both approaches include customer services and almost all of the services included in FISIM. In addition, banking net income includes market and investment activities (incomes, capital gains, dividends, and bid-ask spreads), while 'value added' adds output and charges from non-core banking activities. Further differences between the two measures of banking activity may arise when using the geographical scope as the reference instead of the business concept of an 'enterprise group'.
- 6.2 Analysing French data for the past 20-30 years showed that service charges had been increasing while FISIM had been more or less stable. The FISIM imputed from loans showed some volatility but this was offset by the corresponding FISIM imputed on the deposits side. The structure of the balance sheet showed that interbank transactions and securities market intermediation had increased while traditional banking activities had decreased. The most recent years were affected by the financial crisis with a significant fall (loss) in capital gains.
- 6.3 Finally, the presenters focused on the services part of net capital gains. It was proposed that net capital gains should be split into a services part that should be included in 'value added' and a profit/loss part that should be excluded from 'value added'. In particular, the services part is to be associated with the acquisition/disposal of financial assets and liabilities in financial markets and could be imputed from the bid-ask spread. It was suggested that these services are currently not covered by national accounts because of practical problems - not because of conceptual problems.

#### Discussion

- 6.4 CMFB members welcomed the paper. It identified some interesting aspects of international banking that are relevant for statisticians, supervisors, and the banking community in reaching a common understanding of the sector dynamics. Some CMFB members explained that similar research was under way in their countries.
- 6.5 It was generally agreed that it is theoretically sound to include the services part related to financial markets transactions in 'value added', and that it is frustrating that the relevant information for a practical measurement is not readily available. BPM6 will include these services starting from 2014. It was suggested to start exploring the practical measurement problems as soon as possible.
- 6.6 Eurostat agreed that the services part related to the bid-ask spread should be included in the calculation of the value added and that, for this part, the problems are more practical than theoretical. Eurostat specified that this topic would not be discussed in the future Task Force on FISIM but would be a subject of future research. Eurostat also encouraged other Member States to examine the issue. ECB DG-S added that the additional information might improve the interpretation for monetary and economic analysis purposes.
- 6.7 It was noted that off-balance sheet activities was another difficult issue that would merit some attention by national accounts and BoP compilers.
- 6.8 Banque de France explained that the topic had been presented to the banking community in France in order to explain the apparent differences in the results and to consider the need for more information on the business models and related structural statistics. The discussion on how to measure the bid-ask spread and volumes has not yet started because there is a need to coordinate at EU level first.

**Conclusion**

- 6.9 The Chair thanked Banque de France and INSEE for a very interesting presentation, and welcomed the cooperation between the two institutions on a subject of common interest. He added that this is an issue, which national accountants will have to address in the future, and noted that this view was supported by the discussion.
- 6.10 The Chair explained that it is a delicate balance to assign the right level of priority to such issues. He concluded that the CMFB would encourage Eurostat to consider the problems raised for the future ESA research programme especially with a focus on the practical aspects.

<b>Deadline:</b>	<b>Recommendation or Action:</b>	<b>Responsible:</b>
Autumn 2010	Eurostat to consider the problems raised for the future ESA research programme	Eurostat

**6.2. IMPACT OF GLOBALISATION ON NATIONAL ACCOUNTS (UNECE)****Presentation:**

- 6.11 Tihomira Dimova (UNECE) presented an overview of the results so far by the Group of Experts on the Impact of Globalisation on National Accounts. For years, international organisations have been interested in measuring the size of globalisation, the dynamics, and the importance on economies, but little was known about the measures themselves and there was some concern that global phenomena affected the traditional way of collecting and integrating data. The most important task of the group of experts was to review the main distortions in the compilation of National Accounts and to make proposals on how to deal with these distortions and, furthermore, to support the implementation of the new international standards.
- 6.12 At the first meeting in April 2007, the group of experts agreed on a list of globalisation factors or phenomena that could potentially endanger the production of national accounts statistics. These are reflected in the final report that will contain eleven chapters. An annex to each chapter will present country experiences in relation to the problems covered. It was emphasised that many of the problems are much more complex than initially anticipated and, therefore, the report will present best practices.
- 6.13 The report will be submitted for comments at the Conference of European Statisticians at the end of 2010 and finalised by the end of 2011.

**Discussion**

- 6.14 CMFB members welcomed the work of the Group of Experts and stressed the importance of the draft manual. Several examples were mentioned where solid guidance would have an impact on the quality of data, including statistics on multinational enterprises (which pay little attention to national boundaries in their own accounting), remittances, and FDI. It was observed that globalisation aspects had developed a much greater significance in the field of financial stability analysis over the past few years and ECB DG-S added that an annex to the report would contain some reflection related to the financial crisis.
- 6.15 Some CMFB members suggested that the results of the Group of Experts should also be taken up in other fora. Eurostat confirmed that a task force would be organised in 2011.
- 6.16 Finally, the UNECE expressed a preference that all relevant organisations and institutions are invited to provide comments on the draft manual in the consultation phase.

**Conclusions**

- 6.17 The CMFB thanked Tihomira Dimova for the presentation, and noted that it will be important to develop this work in the context of the new manuals, not only from the conceptual point of view, but also to assess the practical aspects.

- 6.18 The CMFB invited ECB DG-S and Eurostat to ensure that BoP and NA compilers in the EU are informed about the consultation on the draft manual by the Group of Experts on the Impact of Globalisation on National Accounts.

<b>Deadline:</b>	<b>Recommendation or Action:</b>	<b>Responsible:</b>
2011	Ensure that BoP and NA compilers in the EU are informed about forthcoming UNECE consultation	ECB DG-S and Eurostat

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## 7. COORDINATION

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### 7.1. EUROGROUPS REGISTER – CURRENT STATUS (EUROSTAT)

#### Presentation

- 7.1 Eurostat provided an overview of the status of the EuroGroups Register (EGR) project. The aim of the project is to ensure that compilers of official statistics will have access to integrated and up-to-date register data on multinational enterprise groups. The first cycle has been finalised with 6350 multinational enterprise groups containing approximately 500.000 legal units.
- 7.2 Eurostat explained the governance structure of the project and mentioned the ongoing initiatives to ensure and improve the access to the EGR. It was expected that the situation regarding statistical confidentiality requirements for central bank access would be improved soon and, additionally, that the planned upgrades of the IT infrastructure would facilitate its usage.
- 7.3 Eurostat also informed about a task force that would be set up to define FDI requirements, and that further work would continue on the EGR methodology itself. Finally, Eurostat mentioned that the development of a common Eurostat/ECB DG-S paper on the medium term developments of the EGR and its interaction with the ESCB “Register of Institutions and Assets Database” (RIAD) would be finalised towards the end of 2010.

#### Discussion

- 7.4 ECB DG-S confirmed that the STC had discussed an ECB draft decision on the transmission of confidential data under the common framework for business registers for statistical purposes. It was expected that it would be agreed by the STC in September 2010. ECB DG-S highlighted that the EGR could have multiple statistical usages. It was underlined that confidential NSI information would only be used for statistical purposes. In addition, it would be useful to examine how the requirements of supervisory authorities relate to information held on national registers since these authorities would need access to similar register information. In general, it would be important to establish clear conditions for equal access. Eurostat expected that NCBs with secure environments could have access to the EGR soon, subject to the implementation of the necessary IT developments.
- 7.5 Eurostat agreed with members of the CMFB that the procedure for deciding on the UCI (Ultimate Controlling Institutional unit) within a MNE (Multi-National Enterprise Group) should be clear. In most cases, such decisions would be non-controversial but the decisions could be very sensitive in a small number of cases. Eurostat was in the process of preparing detailed procedures that would be discussed during autumn 2010.
- 7.6 Finally, CMFB members welcomed that a task force on FDI requirements would be set up.

#### Conclusion

- 7.7 The Chair thanked Eurostat for the presentation, the clarifications made, and the commitment to take the remarks into consideration. The project has the full support of the CMFB. It was concluded that the CMFB looks forward to an update of the situation at the next CMFB meeting in February 2011.

<b>Deadline:</b>	<b>Recommendation or Action:</b>	<b>Responsible:</b>
February 2011	Progress report to CMFB	Eurostat

### 7.2. G-20 REPORT ON INFORMATION GAPS AND ACTION PLANS (ECB DG-S/ EUROSTAT)

#### Presentation

- 7.8 ECB DG-S informed the CMFB about the G-20 initiative to improve macro-economic statistical information at global level, especially in light of the recent financial crisis. Many of the recommendations in the report presented to the G-20 Finance Ministers and Central Bank Governors in June 2010 relate to financial statistics. The themes cover the build-up of risk in the financial sector, cross-border financial linkages, vulnerability of domestic economies to shocks,

and improving communication of official statistics. In the area of financial stability statistics, some parallels were drawn to the information that, most likely, will be provided by supervisory authorities and central banks to the forthcoming European Systemic Risk Board (ESRB).

- 7.9 ECB and Eurostat are members of the Inter-Agency Group on Economic and Financial Statistics (IAG) that coordinates much of the statistical work in this area. Most of the ECB and Eurostat contribution to the process has its roots in the European experience with harmonisation of statistics and the alignment with international manuals. On the practical side, the Principal Global Indicators (PGI) website includes data for the euro area supplied by ECB and Eurostat, and the approach has generally been to make use of already existing data collections. Eurostat added a remark about the difficulties in compiling World aggregates and compared it to the EU experiences.

#### **Discussion**

- 7.10 It was noted that the links between the G-20 initiative and other initiatives in the areas of national accounts and balance of payments statistics would need to be strengthened and the governance issues related to the G-20 initiative would need to be assessed in the coming months.

#### **Conclusions**

- 7.11 The Chair thanked ECB DG-S for the presentation and Eurostat for the additional comments. It was concluded that CMFB supports the initiatives in this area and especially the coordination efforts at global level.

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## **8. ANY OTHER BUSINESS**

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- 8.1 The Chairman thanked Bill Keating for his many valuable contributions to the CMFB, his active membership of the CMFB Executive Body, and not least for his accomplishments as Chairman for the CMFB in 2005-06.
- 8.2 The Chairman thanked the participants, the interpreters, and Eurostat for the organisation, and closed the meeting.

**CMFB 28-29 January 2010 – LIST OF PARTICIPANTS**

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Committee on Monetary, Financial and Balance of Payments  
Statistics

Plenary session  
1-2 July 2010

Luxembourg  
Venue: European Court of Auditors  
Building K2 (Entrance at Rue Erasme 5)

## **Agenda**

### **PART A - ITEMS FOR DISCUSSION**

- 1. OPENING**
- 2. ADOPTION OF THE AGENDA (CHAIRMAN)**
- 3. ORGANISATIONAL MATTERS**
  1. Organisational matters (Chairman)
- 4. EXCESSIVE DEFICIT PROCEDURE**
  1. EDP activities (Revision of Regulation, Action Plan, etc) – Progress report (Eurostat)
  2. Manual on Government Debt and Deficit – Progress report (Eurostat)
- 5. REVISION OF INTERNATIONAL STANDARDS**
  1. State of play on the revision of the ESA 95 (Eurostat)
    - a) General progress
    - b) ESA research programme
  2. Balance of Payments transmission programme – Progress report (Eurostat/ECB DG-S)
  3. Quarterly euro area accounts and b.o.p./i.i.p. statistics – Integrated approach between the forthcoming ESA and b.o.p./i.i.p. legal acts (ECB DG-S)
  4. Coordination issues related to the implementation of new National Accounts and Balance of Payments transmission programmes – Results of survey (CMFB Secretariat)
- 6. NATIONAL AND FINANCIAL ACCOUNTS**
  1. Measuring banking activity: Reconciling bankers' and national accountants' points of view (INSEE/BdF)
  2. Impact of Globalisation on National Accounts (UNECE)\*
- 7. COORDINATION**
  1. EuroGroups Register – Current status (Eurostat)
  2. G-20 Report on Information Gaps and Action Plans (ECB DG-S/ Eurostat)
- 8. ANY OTHER BUSINESS**

## **PART B - POINTS FOR INFORMATION<sup>2</sup>**

### **CMFB INTERNAL MATTERS**

1. Main developments since the last CMFB meeting (CMFB Secretariat)

### **BALANCE OF PAYMENTS**

2. RoW Task Force – Preparation of next BoP/RoW survey in 2011 and progress report (Eurostat/ECB DG-S) [postponed]
3. FDI network – Progress report (Eurostat/ECB DG-S)
4. Working Group on External Statistics – Progress report (ECB DG-S)

### **NATIONAL AND FINANCIAL ACCOUNTS**

5. Draft mandate of Task Force on FISIM
6. NACE Rev. 2 implementation plans for National Accounts (Eurostat)
7. Financial Accounts Working Group - Progress report (Eurostat)
8. Working Group on Euro Area Accounts – Progress report (ECB DG-S)
9. Attribution of banknotes within euro area members states – Progress report (ECB DG-S)
10. Joint ECB DG-S/Eurostat Task Force on Quarterly Sector Accounts by Institutional Sector (ECB DG-S/Eurostat)

### **PUBLIC FINANCE STATISTICS**

11. COFOG data – Progress report (Eurostat)

### **COORDINATION**

12. Register of Institutions and Assets Database (RIAD) – A short introduction (ECB DG-S)

### **STATISTICAL INFRASTRUCTURE**

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

### **PRICES**

14. HICP activities incl. OOH - Progress report (Eurostat)

### **INTERNATIONAL ACCOUNTING STANDARDS**

15. Task Force on Accounting and Statistics – Progress report

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<sup>2</sup> The points for information will be discussed during the meeting only if a representative informs the CMFB secretariat two weeks before the meeting