

WORK PROGRAMME 2009-2010
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. No major changes are expected in the range of interests of the CMFB for the period 2009-2010. In essence, the CMFB will continue to be an advisory body that has three tasks:
 - to assist the Commission by expressing opinions *at the Commission's request* on the setting up and implementation of 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); and
 - to coordinate the exchange of statistical knowledge between the ESS and ESCB and to contribute to bringing about efficient data collection and compilation as well as access to good quality EU and Euro area economic and financial statistics.

SECTION 1 BROADER THEMES, MAJOR DEVELOPMENTS AND CHALLENGES AFFECTING CMFB ACTIVITIES

3. In carrying out these tasks, the CMFB will have to take account of several developments and challenges that affect its work environment and its activities. The following section of this paper tries to summarise the broader themes, major developments and challenges affecting the role and activities of the CMFB.
4. One of the most important goals of the CMFB in the coming period will be the further improvement of the *co-operation between central banks and statistical offices*, at national and at European level. Although this co-operation is not questioned as such, at the European level, the role and functioning of the CMFB should be kept under regular review. Also, because the CMFB is legally a body to advise the Commission in drawing up and implementing its multi-annual work programme as regards monetary, financial and

balance of payments statistics, the CMFB is sometimes regarded more as a vehicle for the ESCB to express their user demands in relation to ESS-statistics than the other way around. This perception of the activities of the CMFB may affect an optimal functioning of the Committee. Furthermore, in the context of the new Regulation European Statistics¹, in particular the relationship between the CMFB and the newly established ESS-committee may need to be addressed. One of the priority areas in the work programme for the period 2009-2010 is to further optimise the functioning of the CMFB in view of the above.

Looking more specifically at the co-operation at the national level, it is suggested to have more Member States' presentations on best practices regarding the co-operation between the central bank and the statistical office.

5. The CMFB is a body in which ECB, Eurostat, Central Banks and Statistical Offices of Member States work closely together to advance the compilation and further development of monetary, financial and balance of payments statistics. It is considered very important to deepen this *co-operation within the CMFB* by increasing to the extent possible the involvement of all members. For this purpose, the instrument of Task Forces may be used more extensively, in particular to prepare the ground for more strategic discussions related to the future of the CMFB and its statistics.
6. In November 2008, the EFC discussed the 2008 EFC Status Report on Information Requirements in EMU. Subsequently, the ECOFIN Council reiterated “the agreed objectives regarding the *reduction of the response burden, simplification, and priority setting*”. At the same time, it emphasised that “*safeguarding high data quality* is essential to preserve the credibility and informative value of the PEEIs”. In this respect, the Council has clearly stated that attempts to reduce the responding burden should not put the quality of statistics at risk. More in general, the CMFB will be expected, in its field of interest, to contribute to the strategic discussion on the rebalancing of priorities and the quest for more efficient methods of statistical production, including less burdensome ways of data collection. The CMFB will also aim to achieve that merits and costs of requirements and collection and compilation methods for (new) economic statistics are evaluated and that, at the same time, opportunities for data reductions are pursued vigorously. In this exercise, it is important for the CMFB to ensure that both the range and quality of those statistics that are most important to users, including in particular the main basic statistics that form the building blocks for the national accounts are not reduced, but rather, where possible, enhanced.
7. The above also calls for a close co-operation between the ESCB and the ESS in many ways: more generally, the further enhancement of the co-operation in compiling statistics, and, more specifically, “strengthening the implementation of common approaches to methodological and compilation issues like the implementation of harmonised release and revision policies and of guidelines on seasonal adjustment”, “to promote the use of data already collected in the ESS and the ESCB and, potentially, the transmission from one authority to another” for statistical purposes.
8. Last but certainly not least, an important task of the CMFB is the provision of independent and objective opinions on matters concerning statistics related to the EDP. Here, the international financial crisis has given rise to numerous interventions by government in

¹ Regulation of European Parliament and Council on European Statistics.

order to prevent a collapse of the financial system. In the coming period, an adequate handling of the discussions on the recording of these transactions will be of vital importance for the credibility of statistics.

SECTION 2 MAIN PRIORITIES REGARDING THE CMFB RANGE OF INTEREST

9. Taking into consideration the above-mentioned broader themes, major developments and challenges affecting the activities of the CMFB, the following work programme tries to provide a focused list of the main priority issues, covering the points which are likely to be of greatest importance over the coming two years, although, of course, other issues will arise from time to time.

I. SPECIFIC FIELDS OF STATISTICS

10. With regard to the *Excessive Deficit Procedure (EDP)*, it is clear that the recording of government interventions related to the international financial crisis will be very high on the agenda of the CMFB in the coming period. The CMFB has been requested to provide an opinion on the recording of these interventions. A Task Force has been set up to make a typology of the government interventions and to provide general guidelines on the recording of these interventions. The results will be presented for a consultation of the CMFB in February 2009. It may be needed, however, to have more consultations on specific issues in relation to these government interventions later on. Doing so, the CMFB will have to safeguard its independence and make sure that statistical arguments are predominant.

In addition to the international financial crisis, other issues on the recording of transactions by the government may arise as well. Furthermore, an editorial committee is reviewing the various chapters of the Manual on Government Deficit and Debt (MGDD). These chapters will subsequently be put forward for consultation to the CMFB. Finally, the procedures, and specifically the timing for consultation of the CMFB in EDP-matters may need some clarifications and/or changes in view of recent developments.

11. Concerning *other public finance statistics* in the field of interest of the CMFB, the CMFB will continue to follow the work of the COFOG Task Force and the progress in the availability and transmission to Eurostat of detailed COFOG data as a basis of a better assessment of the quality of public expenditure. It will also follow the assessment of the merits and the additional costs of producing more comprehensive statistics on the public sector in the European Union, as requested by the EFC.
12. The focus will also continue to be on the timely provision of consistent and relevant *macro economic statistics and Principal European Economic Indicators 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, and must be easily accessible to the general public *inter alia* to enhance economic and financial knowledge. More specifically, the CMFB may be concerned by the research, development and improvement to existing flash estimates, and the timeliness, completeness and consistency of Euro Area and EU Accounts (EAA) and related national statistics. Also, further progress made on the EU KLEMS project will be on the agenda of the CMFB.

13. The *update of the international guidelines* for national accounts (2008 SNA) and balance of payments (BPM 6) has been finalised or is close to finalisation. The subsequent and consistent update of the ESA 95 is well underway. CMFB will continue to contribute to the update of the conceptual framework in a significant way. Furthermore, CMFB will play a key role in co-ordinating the planning and preparation of the consistent transition of the main macro-economic and financial statistics to the new international guidelines.

One area of great importance to various CMFB-statistics is the revised treatment of *pension schemes*. Here, the CMFB will follow the progress in relation to the implementation of the results of the Task Force on the Statistical Measurement of the Assets and Liabilities of Public Sector Pension Funds and Social Security Schemes. Specific attention will have to be paid to the further definition of criteria for recording pension schemes in the core system of national accounts.

Another area of specific interest relates to the definition and calculation of *Financial Intermediation Services Indirectly Measured* (FISIM). As a consequence of recent developments in the financial system, the definition of FISIM has been questioned. In particular, the question is raised whether or not FISIM should include certain risk elements. In the course of 2009, a Task Force will be set up to investigate this issue further. The goal is that eventual results should be compatible with the 2008 SNA and that they can be implemented together with the updated ESA, if they differ from the current definition.

A last point, less directly related to the field of interest of the CMFB, concerns the treatment of *R&D* expenditures as fixed capital formation. In the course of 2009, a Eurostat Task Force will conclude its work in defining a satellite system for R&D. Subsequently, trial calculations will be made.

14. While a high degree of consensus has been reached on the timing of implementation of the revised *NACE*, follow-up issues in the field of interest of the CMFB may arise, which need to be discussed.
15. Regulations on *investment funds, financial vehicle corporations, and monetary and financial statistics* have been finalised and/or recast. They will be implemented in the near future. In the meantime, work will continue on the *CSDB* and on reconciling supervisory and statistical reporting requirements for credit institutions. In addition, statistics on insurance corporations and pension funds will be further developed. The CMFB may need to discuss these developments, especially with a view on the use of these data for national accounts and other purposes.
16. With respect to *Balance of Payments*, the revision of regulation 2560 and the threshold issue are being discussed at the level of the Council. Depending on the final outcome, the CMFB may have to pay attention to the consequences of the implementation of this regulation for data quality and balance of payments data collection systems. Another important topic for CMFB discussion will be future developments in the field of statistics on international trade. Although Intrastat and Extrastat do not belong to the field of primary interest of the CMFB, major changes in this area will directly affect balance of payments statistics and national accounts, and are therefore likely to become a topic for discussion. In general, the CMFB will be informed on major developments concerning, in particular, the research and implementation of new data collection systems based, for example, on single flow and/or sampling techniques. The CMFB will also be kept informed about changes in legislation which may have an impact on the present collection

of data. Finally, the CMFB may also follow activities in relation to the Co-ordinated Direct Investment Survey (CDIS), as organised by the IMF.

II. HORIZONTAL ACTIVITIES AND GENERAL ISSUES

17. The overall consistency of statistics critically depends on a further *harmonisation of release and revisions policies*, and the CMFB has, in particular, a role in ensuring a co-ordination of policies defined by the ESCB and the ESS. A further alignment of practices will also enhance a clear and transparent communication about the status of data to our users. This issue of revisions policy does not only concern the harmonisation of national and European revisions policies, but also the harmonisation of policies for the various statistics in the field of interest of the CMFB. In the recent past, considerable work has been completed in stocktaking of national practices and in presenting more concrete ideas on the principles that should govern a revisions policy. In the coming period, the preparatory work should result in concrete proposals for a future revisions policy within the EU. As many longstanding (inter)national traditions are involved, this may not show to be an easy task. Yet, the importance of this work is undisputable. The proposals for harmonising the revisions policy will mainly focus on the field of national accounts (economic growth including supply and use of goods and services, non-financial and financial sector accounts) and balance of payments, including the international investment position.
18. *Globalisation* clearly has a significant impact on the compilation of national accounts, balance of payments, foreign direct investment, etc. In addition to challenges in allocating activities of multinational enterprises to national economies, one can observe large inconsistencies in statistics, nationally and internationally. As statistics in the field of interest of the CMFB play a crucial role in the issue of globalisation, the CMFB may need to have further discussions on ways to address these problems, and ways to further enhance the co-operation between the ESCB and the ESS in this field.
19. In order to support the *best quality and most efficient production* of monetary, financial and balance of payments statistics, the CMFB will continue to promote the development and use of good practice, use of administrative data for statistical purposes, common appropriate IT tools, and efficient statistical techniques (e.g. thresholds, sampling, and the integration of different statistics) 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.
20. Following the adoption of the Commission Regulation on IAS, the CMFB considers it very important to ensure that statistical requirements are, to the extent possible, adequately taken into account in new or revised *IAS or IFRS*. In addition, efforts should continue to promote a co-ordinated 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 reconcile accounting and statistical requirements, and to improve data sources for statistics and to minimise breaks in series. The CMFB will

continue to play a major role in communicating the requirements of European statisticians vis-à-vis the IAS and IFRS setters and may have to discuss further the consequences of the new accounting standards on statistics.

21. 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 a continuing need for a close co-operation between policy-makers and senior statisticians. The CMFB will maintain 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. It will continue to provide regular reports to the Chairman of the Sub-Committee.

22. While the main emphasis over the next two years will probably be put on the priority points listed above, the list does not aim to be exhaustive. The CMFB will continue to follow important developments in all its other areas of interest (e.g. financial services statistics, specific quality frameworks, etc.) and will deal with specific questions and with changes in priorities as they arise. The CMFB will also continue to co-operate actively with other bodies involved in statistical work including Eurostat, the Statistical Programme Committee (future ESS Committee) and the Balance of Payments Committee, the ECB's DG Statistics and the Statistics Committee, and the Economic and Financial Committee via its Sub-committee on Statistics.