

MAIN CONCLUSIONS AND LIST OF ACTIONS OF THE
CMFB MEETING HELD ON 29-30 JUNE 2006

(FINAL – 17 AUGUST 2006)

1. Opening of the meeting

- 1.1. The Chairman opened the meeting and welcomed the participants. The Chairman introduced Mr Roberto Barcellan, new Secretary of the CMFB, and thanked Mr Gallo Gueye for his work as former CMFB Secretary.
- 1.2. Interpretation was available in English, French, German, Italian, Portuguese and Spanish.
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2. Adoption of the agenda

- 2.1. The agenda was adopted without changes (cf. Annex 1).
- 2.2. The Committee had already approved the main conclusions and list of actions of the CMFB meeting held on 26-27 January 2006. The minutes of the CMFB Executive Body meetings held in Vienna (23-24 March 2006) and in Stockholm (11-12 May 2006) had been transmitted to the Committee. A log of the main CMFB activities since the January 2006 CMFB meeting (document B.1) had also been made available to the Committee.
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3. Organisational Matters

3.1 *Election of the next CMFB Chair and Vice-Chair (Chairman)*

- 3.1.1. The Chairman informed the CMFB that CMFB members had expressed their agreement with the proposal to nominate Hans Peter Glaab and Peter van de Ven for the posts of Chair and Vice-Chair, respectively, for the period 2007-2008. No alternative proposals were made. The CMFB unanimously gave their formal agreement to the proposal.
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3.2 *CMFB consultation on the 2008-2012 five-year Statistical Programme*

- 3.2.1. The Chairman reported on the CMFB opinion of 15 May 2006 on the Community Statistical Programme 2008-2012. The CMFB welcomed the draft Community Statistical Programme and generally supported the main priorities and objectives defined in the programme. The CMFB supported the emphasis given to “statistical governance” and “prioritisation” and welcomed, in terms of instruments, the objectives set under the increased ability to respond to user’s needs, emphasising the need of coherence across statistics and statistical systems and the need to enhance the exchange of confidential data between statistical authorities. A number of CMFB members asked for an inclusion of a reference to the subsidiarity principle and underlined the need to further clarify the impact assessment, the “First for Europe” approach and the use of European sampling.
- 3.2.2. The Opinion was transmitted to Eurostat together with the individual comments made by a number of Members.

4. Excessive Deficit Procedure

4.1. *Progress in updating the ESA95 Manual on Government Deficit and Debt (Eurostat)*

- 4.1.1. Eurostat reported on the progress in updating the ESA95 Manual on Government Deficit and Debt. In particular, Eurostat (i) acknowledged some delays in updating the manual; (ii) announced the finalisation of the new chapter on EU grants that will be circulated to the Committee for final approval; (iii) informed the Committee that the suggestions of the FAWG and NAWG were incorporated in the material related to the consultation on securitisation and (iv) drew the attention of the Committee to the new section in the web site of Eurostat dedicated to General Government Statistics, which includes legislation, methodology, and data, and where the chapters of the Manual are updated once available. The Chairman stressed that the consultation on the EU grants chapter of the Manual aims at formally approving the chapter whose contents had already been endorsed by the CMFB.
- 4.1.2. The CMFB took note of the progress report. The CMFB appreciated the recognition by Eurostat that progress in updating the Manual needs to be maintained or indeed speeded up (the chapters on EU grants and military expenditure being the next parts to be updated). The CMFB congratulated Eurostat on the dedicated web site on public finances. The urgency of the consultation on securitisation was underlined as well as the importance of carefully organising and handling it, bearing in mind obvious constraints such as the difficulties in taking a consultation during the holiday period and the difficulty that would be caused by having it immediately before an EDP notification. The CMFB welcomed the reflection on speeding up the work of the task forces on public finance, to ensure continuity in their membership and to profit from experts' awareness of the issues.

Deadline:	Recommendation or Action:	Responsible:
As soon as possible	Circulate the chapter on EU grants to the CMFB for approval	Eurostat, CMFB Secretariat
As soon as possible	Prepare the chapter on military expenditure	Eurostat

4.2. *EDP inventories – Progress report and follow-up (Eurostat)*

- 4.2.1. Eurostat reported on the progress and follow-up on EDP inventories. Since January 2006, Eurostat has prepared a single consolidated inventory structure combining the two steps (general description of data sources and adjustments; availability and use of data sources and accounting rules for sub-sectors of general government) and transmitted it to the FAWG. The draft consolidated structure was transmitted to all Member States but three, for whom the transmission is foreseen soon. The updates of the consolidated version are expected not later than 15 September 2006.

- 4.2.2. The EDP inventories represent metadata attached to EDP notification figures. Inventories could be revised in conjunction with each notification or, at least, reflect the main changes in sources, data and methodology that occur in each notification, if any. Inventories will be published in the GFS section of the Eurostat's web site starting from the October 2006 notification.
- 4.2.3. The CMFB recognised the importance of this exercise and supported it. Some Members emphasised that making public the EDP inventories in autumn 2006 will underline the value attributed to openness and transparency in the EDP context. Nevertheless, the task of preparing and also updating the inventories implies a lot of work for Eurostat, NSIs and NCBs, if involved. In this context, there were three options for completing the update/revision of the inventories i.e.: (a) do a complete update of the inventory each time something changes and in conjunction with the notification; (b) include major changes in a quality report annexed to the notification following the same approach used for GNI inventories; (c) add an annex to the inventory. Resource availability constraints suggest that options (b) and (c) are more suitable, possibly coupled with a five-yearly complete update. Some other Members suggested that flexibility should be kept in mind to allow supply of the essential information alongside or just in advance of the notification and then update the inventories within a couple of months, but before the following notification.
- 4.2.4. Eurostat agreed to analyse the update/revision policy of the inventories keeping in mind the suggestions made regarding flexibility and the need to have the essential information alongside the notification. Eurostat also underlined that the consolidated structure aims at being as harmonised as possible among Member States and that, if countries have concerns in making public specific information related to the inventory, this specific information should not be included in the inventory.
- 4.2.5. The CMFB welcomed the progress made on this important matter and recognised that a lot of work was involved both for Eurostat and Member States. CMFB Members would appreciate some flexibility in the approach to updating the inventories.

Deadline:	Recommendation or Action:	Responsible:
September 2006	Complete and validate the consolidated inventories	Eurostat
October 2006	Publication on the Eurostat web site	Eurostat

4.3. *Amended procedures for the consultation of the CMFB about the statistics underlying the Excessive Deficit Procedure (CMFB Chairman)*

- 4.3.1. The rules of procedure for consultations launched in order to get a formal opinion from the CMFB concerning the statistics underlying the EDP already exist and have been adopted by the CMFB in June 2004. The June 2005 ECOFIN conclusions stated that the role, areas of competence and functioning of the CMFB as well as its interactions with Eurostat, including the communication policy of the eventual Eurostat decisions in relation to EDP statistics, should be evaluated. The EFC Sub-Committee on Statistics examined the situation and concluded that the current system has worked satisfactorily but invited the CMFB to review its procedures in particular to enhance transparency and communication. The Chair explained that the paper submitted by the Executive Body contained possible changes to the CMFB procedures for consultation on EDP matters, which were put forward as a basis for discussion in order that the views of the membership can be taken into account in formulating a definitive proposal. The possible changes are the following: (a) the proposal that individual replies be made public; (b) the proposal that, in certain specific cases, a consultation could be held on the basis of documents prepared by Eurostat, without the involvement of a task force and/or the National Accounts and the Financial Accounts Working Groups; (c) the changes to procedure in general. On issues (a) and (b) the views of members were specifically sought on alternatives proposed. The three items were discussed separately.
- 4.3.2. Proposal that individual replies be made public. The current procedures stipulated that "anonymised" individual full version replies are circulated to all members of the CMFB in conjunction with the final opinion and CMFB members may make public their own individual opinion only. The proposal foresees, in the interest of transparency, that the individual replies should be posted on the CMFB website, once the CMFB opinion is published.

- 4.3.3. Eurostat stressed that the review of the procedures for the consultation of the CMFB about the statistics underlying the Excessive Deficit Procedure has become necessary since the 2005 Communication of the Commission on independence, integrity and accountability of the national and Community statistical authorities and the Recommendation promulgating the European Statistical Code of Practice. Furthermore, it is a response to the requests, not only of the EFC Sub-Committee on Statistics, but also of the ECOFIN Council. Such a request is based on a number of considerations: (a) the integrity of the consultation procedures; (b) the independence of the Members of the Committee; (c) transparency and communication; (d) the efficiency of the consultation. Eurostat favours this increased transparency and consolidated independence, even though it understands the arguments going in the opposite direction, by supporting the proposed amendments as means to foster independency of Members and the integrity of the voting procedure.
- 4.3.4. Eurostat is also of the view that, irrespective of the rules in CMFB procedures, the individual opinions of the CMFB members fall under the scope of Regulation (EC) No 1049/2001 of the European Parliament and of the Council of 30 May 2001, regarding public access to European Parliament, Council and Commission documents. Therefore, the replies could thus be accessible to the public like all documents held by the Commission. However certain private and public interests are protected by way of exceptions whose application should keep into account some considerations: (a) the principle being that access is permitted and that exceptions have to be interpreted restrictively and (b) each request for access should be treated individually on a case by case basis. Furthermore, as Members' opinions originate from Member States, the concerned Member States may require the Commission not to disclose an opinion originating from a Member State without its prior agreement (in that case the access to the opinion falls under the relevant national provisions of the Member State concerned). Such a situation could lead to inconsistencies between the CMFB procedures and the national treatment of such cases. Therefore, in order to strengthen the tendency at the Community and national level to move towards increased transparency, Eurostat suggested to the CMFB being proactive in allowing individual opinions to be made public.
- 4.3.5. The CMFB recognised the difficulty of the issue. A certain number of Members were in favour of individual opinions being made public, but the majority of Members were not. The debate focused on the advantages and disadvantages of the proposal, on the possible implications for the voting procedure of the CMFB, on the role of the Members of the CMFB as experts representing their countries, on the need to have a clear legal opinion on the issue and on the success of the current procedures.
- 4.3.6. Arguments in favour of the individual opinions being made public were: (a) that public expectations have changed and that decision making is today clearly based on evidence open to public scrutiny; (b) the existence of freedom of information acts in several Member States; (c) the fact that the vote becomes more robust if open to scrutiny and challenge; (d) the fact that because of the statistical governance procedures – national codes of practice – the independence of NSIs has been strengthened; (e) that related changes in other fields point to having all replies to consultations open to the public (for example, in accountancy); (f) having opinions public will favour peer pressure; and (g) a move in this direction represents a concrete answer to the ECOFIN Council requests.
- 4.3.7. Arguments against the individual opinion being made public were: (a) the risk of affecting the "expert" nature of the opinions expressed by the CMFB due to the national decision process that might become also more exposed to political pressures – Members will report a political country opinion and not anymore an expert opinion on statistical matters; (b) the risk of changing the spirit of the CMFB (now a group of experts) engendering consequences for the system of providing opinions; (c) the complexity of the issues risks misunderstanding by users; (d) independency and integrity will be affected; (d) block voting will be facilitated; (e) more difficulties in moving towards a consensus; (f) Members' opinions are a sort of intermediate product in forming the CMFB opinion that reflects the common view and so only the ultimate product matters and has to be disseminated (the CMFB is asked to give an "expert" opinion, not CMFB members).
- 4.3.8. Several Members recognised that the current procedures had worked well in the past and they saw no need to change them. Some Members suggested keeping individual opinions confidential and disclosing only the number of votes. The need to improve communication on CMFB opinions and

Eurostat's decisions was also stressed. Eurostat announced the intention to continue analysing the legal situation and to reflect on how to further proceed with the discussion.

- 4.3.9. The Chairman welcomed the discussion that took place in the meeting asking Members, at this stage, to reflect on the points made. The Chairman, together with the Executive Body, will consider how to move forward on this proposal taking into account the majority view in the discussion.
- 4.3.10. Proposal that, in certain specific cases, a consultation could be held on the basis of documents prepared by Eurostat, without the involvement of a task force and/or the National Accounts and the Financial Accounts Working Groups. This "special light procedure" will be confined to special cases agreed with the Chairman in consultation with the Executive Body. The procedure foresees that the Chair could also potentially call experts to quality check the background documentation. The existing procedures for the consultation of the CMFB need to be amended to allow for the special light procedure.
- 4.3.11. Eurostat emphasised that the special light procedure has been proposed to achieve efficiency in relation to emergency cases which are not complex and imply a straightforward decision but that necessitate, because of their general nature, a CMFB consultation.
- 4.3.12. Several CMFB Members stressed that the conditions to apply the "special light procedure" should be clarified: (a) rules have to be fixed to clearly identify "special cases"; (b) the background documentation should state pros and cons of various options in a balanced way, as in the case of a consultation involving a task force; (c) experts should be selected from the permanent list of experts. Concerns were also expressed about the differences between the "special light procedure" and the "fast track procedure" and the relative timing.
- 4.3.13. The CMFB expressed a consensus on the proposal to add to the procedures for the consultation of the CMFB about the statistics underlying the EDP the "special light procedure" provided that: (a) this procedure is limited to well defined special cases characterised by their general application, urgency, straightforwardness and requiring a CMFB consultation; (b) the background documentation reflects pros and cons in a balanced way, as specified in the case of CMFB consultations involving a task force; (c) experts will be usually selected from the permanent list of experts. The agreed proposal will be submitted to the CMFB Members for formal approval possibly by written procedure before the next meeting of the CMFB.
- 4.3.14. Other changes to procedure in general. The CMFB formally agreed on the other changes to the rules of procedure proposed by the Chair. In particular, the agreed changes in the document "Procedures for the consultation of the CMFB about the statistics underlying the Excessive Deficit Procedures" are the following:

4.3.15. *Submission step*

After "The requests are submitted in writing, preferably by an electronic letter" include an additional sentence: "The requests must be accompanied by a detailed explanation of the case, including all relevant information".

Add a sentence at the end of the final paragraph:

"At the same time, the CMFB Chair informs the EFC".

4.3.16. *Consultation step – Finalisation of Background note*

Amend the first sentence of the first paragraph on the Consultation Step as follows:

"The CMFB Chair finalises the questionnaire with the assistance of the Executive Body, and the Chair of the Task Force where appropriate, on the basis of the background material provided either under the responsibility of the task force or directly by Eurostat. The CMFB Chair will also discuss any changes suggested to the background material by the Executive Body with the Chair of the Task Force".

Some CMFB Members underlined the importance of such an addition to improve the quality of the background documentation related to a consultation. The Chair stressed that the proposed amendment to the original text recognises the current situation and makes explicit provision for it in the rules.

4.3.17. *Consultation step – Circulation of opinion*

After the third paragraph of this section, include a new paragraph:

"During the consultation step, CMFB members can consult each other and circulate their opinion to other members with a view to providing the best possible professional input".

The Chair stressed that the amendment concerns only the circulation of opinions and that it is not intended to favour the circulation of additional background information. Furthermore, the amendment refers to CMFB members irrespective of whether they contribute to form the majority view resulting from the individual answers to the CMFB consultation (so to cover cases like the circulation of ECB's opinions among NCBs). Some CMFB members asked that the list of CMFB members be kept up to date so to facilitate the circulation of the opinions. Eurostat firmly excluded the possibility of circulating its own opinion during the consultation step because of the contradiction of such a practice with its role as receivers of the advice expressed by the CMFB.

4.3.18. *Consultation step – Majority*

Amend first sentence of the original fourth paragraph of this section as follows:

"The Chair....majority view of the CMFB Membership which results from the individual answers of NSIs and NCBs of EU Member States to the “tick box” questions, disregarding...".

4.3.19. *Decision step*

Add after "... CMFB opinion." The sentence "The decision of Eurostat and the CMFB opinion are communicated to the EFC."

4.3.20 The United Kingdom, NSI, drew the attention to the fact that, according to experience, the timetable proposed for the consultation could be unworkable. The Chair agreed to re-address the issue.

4.3.21. The CMFB Chair concluded the agenda item recognising that there was acceptance of a number of minor changes, general acceptance of the "special light procedure" proposal subject to some amendments and a need to reconsider the proposal of disclosure of individual opinions. The Chair, together with the Executive Body, will evaluate how to progress this issue with a view to obtaining also a formal agreement of the CMFB (written procedure or next CMFB meeting) on questions (a) and (b) in paragraph 4.3.1 above, having in mind the timetable and the original request of the ECOFIN Council.

Deadline:	Recommendation or Action:	Responsible:
Summer 2006	Amend procedures according to CMFB suggestions	CMFB Chair
October 2006	Reconsider disclosure of members' opinions	CMFB Executive Body
October 2006	Establish a formal agreement of the CMFB on new procedures	CMFB Executive Body

5. Public Finance Statistics

5.1. COFOG data – Progress Report (Eurostat)

- 5.1.1. Eurostat reported on progress in the transmission of COFOG data to Eurostat and on the work of the Task Force on COFOG. Concerning the transmission of the compulsory items of tables 1101 and 1102 of the ESA95 transmission programme, considerable improvements in timeliness and coverage were noted in the December 2005 transmission. Furthermore, several countries already provided Eurostat with the voluntary items corresponding to the 2nd level of COFOG statistics. The work of the Task Force also focused on exploring the possible links with other related statistical data sets such as social protection, educational statistics and research and development statistics and on data availability, timeliness and coverage issues. Eurostat will contact Member States in the coming weeks to check on the availability of data and the plans to develop the collection of COFOG figures, for which there is an increasing interest, not only among the institutions (Commission DG ECFIN, ECB and OECD) but also outside, notably the EPC and the EPC Working Group on Quality of Public Finance. COFOG issues will be addressed in the 2006 Status Report.
- 5.1.2. The ECB DG-S re-affirmed the importance for policy analysis of timely COFOG statistics and underlined that the interest in the 2nd level of COFOG is limited to specific functions. Therefore a compromise proposal aimed at transmitting a sub set of the 2nd level functions could be considered to reduce the collection and compilation burden related to COFOG statistics. Both Eurostat and the EPC WG on Quality of Public Finance are working on data availability.
- 5.1.3. The CMFB took note of the progress report and agreed that COFOG information is important for policy purposes. The CMFB supported the idea that Eurostat should investigate the feasibility to concentrate on the more important second level items of COFOG.

Deadline:	Recommendation or Action:	Responsible:
Autumn 2006	Explore the possibility of an intermediate proposal on reporting selected 2 nd level items	Eurostat

5.2. Statistical contribution to the review of the sustainability of public finances (Eurostat/ECB's DG-S)

- 5.2.1. Eurostat presented the reasons for setting-up and the targets of the proposed task force on the statistical measurement of the assets and liabilities of pension schemes in general government. The proposed task force answers to the request of the AEG and the UN Statistical Commission to assist in solving the issue of recording pension liabilities in the framework of the SNA review. It should play a constructive role in bringing together the EU partners and present the EU position to the rest of the world.
- 5.2.2. The Task Force is intended to deal with two issues: (a) an analysis of the measurement of the liabilities of unfunded pension schemes in general government, in the context of the discussion of the SNA review and notably to analyse the borderline issues between public employee pension schemes and the pension elements of social security schemes; (b) preliminary discussions on the sources and methods for measuring the liabilities of the pension schemes in general government (quantitative measurement).
- 5.2.3. The timetable is quite ambitious since one of the aims of the task force is to prepare an interim report to be submitted to the CMFB in the January 2007 meeting in view of preparing the input to the meeting on the SNA review of the UN Statistical Commission end-February 2007. Therefore the composition of the task force should be geared towards the achievement of these targets and its membership should be restricted to experts and observers with specific expertise in the field (including also OECD and IMF experts). Furthermore, the membership should be representative of the different institutional arrangements in place.

5.2.4. Several CMFB Members considered the timetable of the work of the task force to be too ambitious. Most of them strongly supported focussing first on the methodological issues, up to the end of 2006, and then concentrating on the measurement aspects, but relaxing the final deadline, May 2007. Some CMFB Members asked also for clarification on the selection criteria for the membership and stressed the shared responsibility of the co-chairs, Eurostat and the ECB DG-S, in the work of the task force. It was suggested that the task force should also deal with social security.

5.2.5. The CMFB recognised the importance of the task force and supported the draft mandate with the following amendments:

- Mandate of the task force

Point (i): add "and social security" to read "Review existing material on the measurement of pension schemes classified in the general government sector²".

- Members of the task force

First bullet: amend the sentence to read "A limited number of Member States' experts".

- Timetable of the task force

Second paragraph: modify the beginning of the paragraph to read "Eurostat will prepare in consultation with the ECB ...".

Third paragraph: modify the beginning of the paragraph to read "The Task Force should in principle conclude its work by 1st May 2007, and the outputs of its work will be presented to the June 2007 CMFB meeting (notably a report on issues discussed, a methodological guidance note, and preliminary quantitative tables). ...".

Third paragraph: add at the end "The Task Force should also consider a timetable for possible follow-up work."

5.2.6. The countries interested in participating in the task force should contact the two chairmen, Mr Eduardo Barredo, for Eurostat, and Mr Reimund Mink, for the ECB.

Deadline:	Recommendation or Action:	Responsible:
July 2006	Set up the task force	Eurostat and ECB DG-S
September 2006	First meeting	Eurostat and ECB DG-S
January 2007	Interim report to the CMFB	Eurostat and ECB DG-S

6. Quarterly Sector Accounts

6.1. Release of annual sector accounts for the EU and the euro area (Eurostat/ECB's DG-S)

6.1.1. Eurostat, ECB DG-S and Mr John Kidgell, Chairman of the Task Force on Quarterly Sector Accounts, reported on the release of annual sector accounts for the EU and the euro area illustrating the successful results achieved towards integrating European accounts, the positive feed-back received from users and the important step that the release of annual sector accounts represents for the compilation of quarterly sector accounts.

6.1.2. The CMFB very much welcomed the release and congratulated everybody involved.

6.2. Joint ECB's DG-S/Eurostat Task Force on the Rest-of-the World Account - Progress report (ECB's DG-S/Eurostat)

- 6.2.1. ECB DG-S and Eurostat reported on the progress of the Task Force on the Rest-of-the World Account. The aim of the task force is to support further work on the reconciliation of Balance of Payments and rest of the world accounts focusing on practical solutions to bridging both data sets. The Task Force set up electronic discussion groups dealing with the relevant issues. The Task Force achieved a full consensus on several issues (except on the timetable for implementation). Nevertheless, recommendations on specific aspects still have to be finalised, due to their complexity and relevance. The progress report illustrated the proposed conclusions on the following items: (a) income from CIIs; (b) transit trade; (c) gambling and e-transactions; (d) other issues, in particular on asymmetries and revision practices; (e) the scope of the proposed survey on differences between B.o.P. and RoW.
- 6.2.2. The CMFB Members recognised the work of the Task Force and endorsed its value. Some of them suggested continuing the work especially in particular areas such as (a) the coordination of the revision policies between national accounts and balance of payments; (b) transit trade and how Member States practically deal with it; (c) fostering the national coordination between B.o.P. and national accounts; (d) pushing countries to record the effects/correction for illegal activities both in B.o.P. and national accounts; (e) possible new issues; (f) identifying best practices and implement them.
- 6.2.3. The CMFB welcomed the progress report and endorsed the work done. The CMFB asked the Task Force to take into account the comments made by the CMFB members in particular on the revision policy, on the need to try to ensure further harmonisation between the B.o.P. and the RoW accounts and to continue the work foreseen on transit trade.

Deadline:	Recommendation or Action:	Responsible:
January 2007	Final report to the CMFB	Eurostat and ECB DG-S

6.3. State of play on quarterly European sector accounts (Eurostat/ECB's DG-S)

- 6.3.1. Eurostat and ECB DG-S informed the CMFB about the cancellation of the May meeting of the Task Force on quarterly sector accounts because of the overlap with the release of the annual sector accounts for the EU and euro area. Eurostat reported on the state of play of the transmission of the quarterly accounts since the entry into force of the related Regulation. The situation is quite satisfactory even if improvements are still necessary in those countries that do not yet fully comply with the legal requirements. Eurostat stressed also that countries with general (temporary or permanent) derogations for the transmission of quarterly sector accounts must transmit the data related to sectors S.1, S.13 and S.2 at the quarterly sector accounts deadlines, even if these data are also reported to Eurostat in other tables of the ESA95 transmission programme. The importance of a timely transmission of quarterly data in view of the compilation of the European quarterly sector accounts at tight deadlines was also stressed.
- 6.3.2. The CMFB took note of the current situation and welcomed the comments made as regards foreseen improvements at country level and encouraged Member States to generally improve on the timeliness of delivery and the coverage.

6.4. New mandate of the Task Force on quarterly sector accounts (ECB's DG-S/Eurostat)

- 6.4.1. Eurostat and ECB DG-S presented the elements of the new mandate of the Task Force on Quarterly Sector Accounts. The task force work will be devoted to (a) issues related to the methodology and quality of quarterly and annual non-financial sector accounts; (b) consistency and integration of non-financial and financial accounts; (c) consistency of the rest of the world account and the balance of payments; (d) co-ordinated revision policies. The Task Force, co-chaired by Eurostat and the ECB DG-S, should be composed by both NSIs' and NCBs' senior statisticians, and will be the forum for

essential cross-cutting issues. Specific problems will be treated by separate groups of specialists (an example of which is the Task Force on RoW). The Task Force will present findings and results to the competent working groups, to the National Account Directors and to the CMFB.

- 6.4.2. CMFB members supported the new mandate of the Task Force and recognised the need to have senior (management) statisticians as members. Emphasis was put on the required consistency between financial and non-financial accounts, B.o.P and public finance statistics, considering both annual and quarterly accounts. The need to avoid overlaps between the work done by various groups was also underlined. The OECD emphasised that in some countries, like, for example, the US, being transparent on discrepancies is a current practice.
- 6.4.3. ECB DG-S suggested that the revision policy issue should be the subject of a CMFB vision paper covering all the statistical areas related to the various groups that can only be represented together in the CMFB. This vision paper should cover this issue by collecting views on the matter and not for the purposes of immediate implementation. It could profit from the experience gained in some Member States that conducted similar exercises (for example, the Netherlands).
- 6.4.4. The CMFB took note of the continuation of the Task Force and asked Eurostat and ECB DG-S to take note of comments made by the CMFB Members underlying the need to avoid unnecessary overlap with other groups. The CMFB supported the suggestion to compile a CMFB vision paper on revision policy.

Deadline:	Recommendation or Action:	Responsible:
Autumn 2006	Continue work according to the new mandate	Eurostat and ECB DG-S
January 2007	Progress report to the CMFB	Eurostat and ECB DG-S
2 nd half 2006	Initiate CMFB vision paper on European accounts revision policy	CMFB Chair

6.5. *Joint ECB's DG-S/Eurostat Task Force on Insurance Corporations and Pension Funds – Final report (ECB's DG-S/Eurostat)*

- 6.5.1. ECB DG-S presented the final report of the work of the joint ECB DG-S and Eurostat Task Force on Insurance Corporations and Pensions Funds (ICPFs). The Task Force, answering to a CMFB request, analysed the availability of infra-annual data on ICPFs against preliminary data requirements listed by a selected number of users. Based on the results of a questionnaire addressed to all EU Member States, the Task Force concluded that all over the EU there is a considerable amount of data available from both statistical and supervisory sources for ICPFs. However, data are not consistent across countries and shortcomings exist in terms of timeliness, coverage and level of detail. The Task Force proposed an action plan on how to improve the availability of harmonised statistics and the allocation of responsibility in this area.
- 6.5.2. Some CMFB members stressed the importance of knowing exactly what are users' requirements for ICPF statistics at a quarterly frequency and highlighted the possibility of using estimates and models for the production of infra-annual statistics in this field. It was also suggested that co-ordination with the supervisory authorities, notably the Committee of European Insurance and Occupational Pensions Supervisors be strengthened. Some CMFB Members stressed the importance of reinforcing the legal framework for the collection of such statistics, both under the ESA95 Transmission Programme under the umbrella of the EU Council Regulation No. 2533/98, to match with the ambitious requirements in terms of timeliness and frequency. Some members also wondered how these new requirements fitted with the philosophy of rebalancing priorities for ESS statistics. The proposal to share the responsibility between NCBs and NSIs on the basis of contents/subject matter (non-financial versus financial) rather than frequency of the collected data was also made.
- 6.5.3. The CMFB thanked the members of the Task Force for the work done and approved the final report. The CMFB supported the action plan proposed by the Task Force but asked ECB DG-S and Eurostat to take note of the comments made by CMFB Members especially as regards (a) the precise division of tasks, (b) the co-ordination between statisticians of NSIs and NCBs and supervisory authorities, (c) the evaluation of the user requirements for infra-annual statistics on ICPFs in order to assess to which

extent these needs can be met by modelling and estimations. Once the ECB DG-S and Eurostat have incorporated the CMFB Members' comments in the final version of the report of the Task Force, the report could be circulated to supervisory authorities.

6.6. *STC Groupe de Réflexion on Financial Statistics within the Euro Area Accounts Framework – Verbal Progress Report (Chairman Groupe de Réflexion, R. Álvarez)*

- 6.6.1. The Chairman of the Groupe de Réflexion, Mr Rafael Álvarez, reported on the activities of the Group. The Group was set up by the STC and mandated to provide advice on a medium-term strategy for the compilation of quarterly integrated euro area accounts with a focus on ensuring the optimal usage of euro area accounts for monetary policy preparation. The final report of the Group will be presented to the STC in September 2006.
- 6.6.2. The main outcomes of the work of the Group are (a) the importance of aiming to publish the euro area accounts at T+90 days by the second quarter of 2010 at the latest to provide statistics to the Governing Council of the ECB; (b) preliminary ideas about the possible contents of the aggregate euro area accounts presentation; (c) the recommendation, in the framework of providing counterpart sector information on securities, to extend the coverage of the security-by-security data collection system for balance of payments purposes to cover also information corresponding to all resident sectors as holders of securities (both cross-border and domestic issues); (d) recommendations related to solving the discrepancies between the balancing items of the capital and financial accounts and the discrepancies that initially appear in the recording of different instruments of the accounts (horizontal and stock/flow discrepancies). The final report of the Groupe de Réflexion will be distributed to the CMFB Members once endorsed by the STC.
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7. Balance of Payments

7.1. *National Action Plans related to Balance of Payments collection systems – Progress report (Eurostat)*

- 7.1.1. Eurostat reported on the progress on the national action plans related to Balance of Payments collection systems. The exercise was linked to the application of Regulation 2560 defining a threshold for statistical reporting from banks on cross-border payments. Following the entry into force of the Regulation, the CMFB wanted to measure the qualitative changes in national B.o.P. collection systems. After a first study in 2002 covering the 15 Member States forming the European Union at that time, the project has been re-launched in 2004 to cover the 25 Member States, Bulgaria and Romania (the report referred to this exercise). Besides making the point on the national collection systems and the changes, which occurred after the regulation entered into force, the exercise aimed at evaluating the impact of the proposed increase of the threshold to 50 000 euro. Member States welcomed and appreciated the exercise and proposed widening the scope, going into a more detailed breakdown by sector and some further suggestions for improvement. The exercise will, therefore, be prepared by end-2006 and in 2007 in close coordination between ECB DG-S and Eurostat (areas of competence will be clearly defined and attention will be paid to avoid overlapping with other existing initiatives).
- 7.1.2. Eurostat reported on the state of play of the threshold issue. The announced draft evaluation report on the implementation of Regulation 2560, prepared by the Directorate General Internal Market and Services (DG MARKT), was postponed to 2007 because of the foreseen adoption of a new legal framework on payment services currently under discussion in the European Parliament and Council. This new legal framework (Directive) could be amended by the Committee on Economic and Monetary affairs of the European Parliament to raise the threshold of the reporting from banks to

50 000 euro immediately (this amendment will be discussed in the Committee on 11th July 2006). If the Council follows the advice of the European Parliament, the Directive could be adopted by end of 2006. The transposition into national legislation will probably delay the entering into force of the Directive till January 2008.

- 7.1.3. Most of the CMFB Members were in favour of pursuing the national action plans exercise and enhancing it in 2007. Some of them expressed their concern on the proposed classification, on going too much into the details of sector breakdown and on widening the scope. Some CMFB Members suggested to focus also on emerging tools, on updating of business registers, treatment of non-response and the increased use of administrative sources. Several CMFB Members reacted to the news concerning the threshold issue, stressing that the impact on the B.o.P. collection systems will be important and that the amendment proposed by the Committee of the European Parliament appears as a surprising departure from expectations prevailing so far. The impact on the quality of B.o.P. data is likely to require very serious and complex re-assessments. Eurostat reminded Members that the amendment is still a proposal, not yet incorporated in the Directive and that, following a Commission consultation, most Member States considered that their national collection systems would not be affected by the new legislation and that the implementation foreseen by January 2008 is a reasonable compromise with respect to the proposed amendment introduced by the Committee of the European Parliament.
- 7.1.4. The CMFB took note of the development and welcomed the fact that many Member States have taken measures to improve their collection systems. It also endorsed the proposal to repeat the exercise. The CMFB thanked Eurostat for the latest news on the threshold issue, noting that European Parliament could introduce an amendment to the proposed Directive for the immediate application of the 50 000 threshold.

Deadline:	Recommendation or Action:	Responsible:
End 2006/2007	Re-launch the national action plans exercise	Eurostat and ECB DG-S

8. National and Financial Accounts

8.1. *Co-ordination of the implementation of the NACE revision particularly in national accounts (Eurostat) – Verbal report*

- 8.1.1. Eurostat informed the CMFB about progress on the NACE revision since the January CMFB meeting. The issue was discussed in the NAWG and in the meeting of the Directors of National Accounts. Following the agreement on 2011 as the year of the changeover, already previously achieved thanks to the commitment of several Member States, it was also possible to achieve an agreement on the month of the changeover (September 2011), despite the fact that in several countries the production and release cycle is scheduled in spring and not in autumn. Few countries are still evaluating the possible alignment with the proposed date. A large majority of B.o.P. compilers discussed and agreed to assume September 2011 as the changeover date. National accountants reached also an agreement on the intermediate aggregation level to be used in national accounts. Eurostat will report on the issue of backward calculated series in the January 2007 CMFB meeting.
- 8.1.2. The CMFB welcomed the progress made towards a common implementation date for NACE Rev. 2 in national accounts as well as in B.o.P. statistics and appreciated the flexibility shown by Member States in trying to achieve this objective. It welcomed also the progress on the intermediate aggregation level of NACE to be used in national accounts

Deadline:	Recommendation or Action:	Responsible:
Autumn 2006	Confirm the implementation month as September 2011	Eurostat
Autumn 2006	Analysis of the issue of backward calculated series	Eurostat
January 2007	Progress report to the CMFB	Eurostat

8.2. Progress report on the FISIM Task Force (Eurostat) – Verbal report

- 8.2.1. In January 2006, the Directors of National Accounts approved the creation of a new Task Force on FISIM with the aim of giving answers to specific problems raised by some Member States concerning the implementation of the FISIM Regulation. The mandate was adopted by the NAWG in May 2006. Eurostat will chair the Task Force that will be small in size to achieve quick progress. Some Members States volunteered to participate in the Task Force: Belgium, Denmark, Germany, Greece, Spain, France, Luxembourg, Portugal and the United Kingdom. The Task Force will start its work in October 2006 and will prepare the final report for the November 2007 meeting of the NAWG. Interim reports will be made to the Directors of National Accounts and to the CMFB. The work of the task force will focus on: (a) implementation problems; (b) the analysis of the derivation of FISIM at current and constant prices; (c) imports and exports of FISIM taking into account the work of the Task Force Rest of the World. Eurostat stressed that the Task Force is not intended to modify the current practices already in place in those countries that already implemented the FISIM Regulation, but to help those countries that face problems in the practical implementation. Countries were asked to send succinct notes describing the problems encountered, possibly by 15th July.
- 8.2.2. The CMFB noted the update on FISIM and supported the work of a Task Force aimed at improving FISIM calculations.

Deadline:	Recommendation or Action:	Responsible:
15 July 2005	Send succinct notes describing the problems encountered in implementing the FISIM Regulations	Member States
Summer/Autumn 2006	Set up and start the work of the Task Force	Eurostat

9. Revision of SNA 93 and BPM 5

9.1. Progress report (ECB's DG-S/Eurostat) (SNA 93; BPM 5)

- 9.1.1. Eurostat informed the CMFB Members about the progress made on the review of the SNA93 since January 2006. The fourth meeting of the AEG held in Frankfurt from 30 January to 8 February 2006 finalised the recommendations on most of the 44 revision items. The NAWG and FAWG also addressed these issues. In March 2006, the UN Statistical Commission commented upon the progress achieved, and in June 2006, the OECD CSTAT meeting addressed the future of national accounts. Finally the ISWGNA agreed on working arrangements for the review and drafting.
- 9.1.2. Some elements could be highlighted from the outcome of these meetings: (a) the approach to seeking users' views; (b) the consideration of aspects of implementation; (c) the inclusion of a chapter on general government and public sector in the revised SNA; (d) the effort to ensure consistency aspects reflected in an annex on the relationships of the SNA and other manuals; (e) some issues are still open and need to be addressed, like the treatment of unfunded pension schemes, the classification and terminology of financial assets and liabilities, licences and leases, and the issue of reinvested earnings for public (quasi-)corporations; (f) some issues may need further consideration because of additional comments and remarks by several countries, like research and development, and the inclusion of capital services.
- 9.1.3. Concerning the timetable for the drafting and review phase, it is foreseen that the recommendations will be ready for consideration by the UN Statistical Commission in March 2007; and the draft of

Rev.1 will be ready for consideration by the Statistical Commission in March 2008. Progress on the review of SNA93 will continue to be reported to the NAWG, FAWG, the CMFB and the CMFB Executive Body. Countries are supposed to support and play an active role notably in the review of the SNA and in view of the forthcoming ESA95 review.

- 9.1.4. Several CMFB Members commented favourably on the intervention at the June 2006 OECD Committee on Statistics made by Denmark focusing on issues uncovered by the SNA93 review (issues relevant for users, knowledge economy, new developments, service society). Some CMFB Members made a plea in favour of satellite accounts, the right approach, according to them, to test the reviewed rules before affecting core accounts (the example of FISIM was mentioned). Some other Members maintained that supplementary accounts can confuse users, especially if their compilation is not mandatory, and that, anyway, since the implementation of the reviewed SNA93 rules in the European Union is foreseen in 7-8 years, there is enough time to correctly set up the framework for the new rules to be applied directly in the core accounts. Coherence between the new SNA and the new ESA was strongly recommended. Some CMFB members complained about the process (lack of general principles) followed in the SNA review that is not a mere revision but resumes some fundamental changes that will affect national accounts. Members stressed that the SNA review will have a direct impact on national accounts in Europe because of the legal nature of the ESA95 (which is not the situation worldwide) and expressed their concerns on its implementation, keeping in mind that already now the ESA95 Transmission Programme is not fully implemented by all Member States.
- 9.1.5. Eurostat underlined that there is still time to provide an input to the recommendations and encouraged the NSIs to be active in the process. Eurostat re-affirmed that Europe is committed in the SNA review and this commitment is not affected by the problems, already detected, related to some recommendations for some Member States. Timing and modalities of the implementation in the European Union of the revised SNA93 will be decided by European Member States and will be based on a full analysis of the implementation and impact of the new rules on ESA95. Such implementation will influence the current debate related to priorities in national accounts.
- 9.1.6. The CMFB noted the current state of play of the SNA review and asked Eurostat to take note of the comments made, especially where divergent views were expressed, implying probably further discussion in the NAWG, and to look at the possibility of negative priorities. Further discussions should focus on ensuring solutions resulting in comparability in practice, bearing in mind that Member States will have a number of years before implementation. The CMFB encouraged NSIs and NCBs to respond to the request of the UN and the IMF.
- 9.1.7. Eurostat and ECB DG-S reported on the progress of the revision of the IMF Balance of Payments Manual and the OECD benchmark definition of Foreign Direct Investment (FDI). Most issues regarding the revision of both manuals were already settled before the January 2006 CMFB meeting. The remaining issues were addressed in the AEG January-February meeting. The revision of the manual is very much on schedule. Draft texts of the manual were circulated in the past months and the remaining draft chapters are supposed to be discussed in the October 2006 BOPTTEG meeting. In late 2007, an electronic version of the manual will be circulated to all IMF member countries for final comments. Issues to be still discussed and on which progress is more or less advanced, are: (a) retained earnings on mutual funds (alignment to the ESA position); (b) classification of funds, assets and liabilities, (c) fine-tuning the classification of financial corporations (in particular SPEs); (d) SPVs of general government; (e) issues sponsored by the OECD Investment Committee that asked for comprehensive guidance specially related to globalisation, notably, on SPEs, geographical allocation of FDI chains according to ultimate beneficiary owner / ultimate beneficiary affiliates and solutions on how to best record mergers and acquisitions.
- 9.1.8. The OECD underlined that the open issues should not to be defined as “supplementary data” to avoid misinterpretation and a notion of less relevance. Luxembourg raised the point that, in the context of the still open major issues on FDI, further discussion is still needed on the distinction between genuine FDI and other flows (i.e., flows passing through SPEs). The recent results of the investigation of the OECD, ECB and Eurostat brought a better knowledge and awareness of several problems not really addressed when finalising the decision endorsed by the BOPTTEG. FDI values could be considerably inflated by investments in chains through several countries because of capital in transit. Despite the fact that the criteria for FDI (ownership of 10% or more) is satisfied, there is no

link to any activity and to the fundamental FDI criteria, the long-lasting interest. Therefore mixing up capital in transit and FDI creates an overestimation of genuine FDI and entails a misleading interpretation not only at country level but also at the euro area and European Union level. Since these statistics are often used to measure globalisation, an overestimation should be avoided to the degree possible. In preparing the recommendation for the revised B.o.P. manual, due to time limits, a concrete proposal for measuring genuine FDI was not made. The current proposal foresees to collect information through supplementary statistics (users will continue to have inflated FDI statistics and will be supposed to derive genuine FDI by taking out what is considered capital in transit). Luxembourg asked BOPCOM to reconsider the issues of (a) how a core definition can best be implemented and (b) how users' needs are met and priorities set in the production of statistics. Luxembourg proposed that capital in transit should not be integrated in core FDI but should be provided in supplementary tables. Such a solution will not be a tremendous change in methodology and could be agreed within the deadline of the revision process. Therefore, Luxembourg asked for a more in depth investigation to improve the relevance and user friendliness of FDI data.

- 9.1.9. On this issue, ECB DG-S underlined that three elements play a role: (a) the generality of the issue, i.e. if it does meet an overall demand or not. The February workshop showed that a large majority of countries was in favour of having a supplementary/complementary presentation, limited to stock data, that will disentangle the FDI. Indeed the discussion should focus not on what can be netted but on how it can be done. Furthermore, the literature mentioned by Luxembourg is mainly on annual data and analyses structural developments. (b) Intermediate updates of the new manual are now possible. (c) A last reflection on this subject could take place in the two working groups, of Eurostat and the ECB, focusing on whether it is feasible to present the statistics to cover this problem. Complementarily, the implementation phase may be used for some further reflections on a number of recommendations. There is little chance to amend the manual at this stage, but the debate can start from users' requirements.
- 9.1.10 The CMFB noted the current state of play and welcomed the progress made. It asked ECB DG-S and Eurostat to take note of the comments made and to assess how to meet the needs of users in the context of FDI.

Deadline:	Recommendation or Action:	Responsible:
Summer/Autumn 2006	Participation in the follow-up of the work	Eurostat, ECB DG-S
Autumn 2006	Responses to the UN and IMF consultations	Member States (NSIs, NCBs) ECB DG-S
January 2007	Progress report to the CMFB	Eurostat, ECB DG-S

9.2. *Financial assets, financial services and financial intermediation in the new System of National Accounts (ECB's DG-S)*

- 9.2.1. ECB DG-S informed the CMFB about the progress on three interrelated issues: (a) classifying financial assets and liabilities; (b) defining institutional units including SPEs; and, based on this, (c) classifying these units into financial corporation sub-sectors. Two papers presented to the AEG meeting in Frankfurt contained numerous proposals for changes of the current classification and terminology of financial assets as well as for modifications to establish sub-groupings or sub-sectors of financial corporations. Most of the proposals were accepted by the AEG. ECB planned also to further consult financial statisticians worldwide before putting forward final proposals for inclusion in the updated SNA.
- 9.2.2. Some CMFB Members asked for further reflection on some items: (a) on money market funds, which have a hybrid nature that should lead them to be considered in an economic sense as a sub-sector of monetary financial institutions, because of their liability, while in a legal sense they are investment funds, because of their nature; (b) on the merging of financial auxiliaries and intermediaries and their allocation to sub-sectors; (c) on the classification of holding companies in the OFI sector instead of classifying them by main activity of the subsidiaries with, among others, direct consequences for the classification of direct investments and in the financial accounts (the OFI sector will be considerably extended in some countries); (d) on the risk related to the new classification of holding companies (based on the activities of head offices) to be moved from financial to non financial corporations with

non-negligible consequences on, for example, sector accounts. An appropriate way of consulting the FAWG and the WGMUFA will be analysed by Eurostat and the ECB.

- 9.2.3. The CMFB generally welcomed the proposal made and asked the ECB DG-S to take note of the comments raised on issues still open. It also encouraged CMFB Members to participate in the proposed consultations.

Deadline:	Recommendation or Action:	Responsible:
Summer/Autumn 2006	Participation in the follow-up of the work	Eurostat, ECB DG-S
Autumn 2006	Responses to the UN and IMF consultations	Eurostat, ECB DG-S, Member States
January 2007	Progress report to the CMFB	ECB DG-S, Eurostat

10. EU/EMU Short-Term Statistics

10.1. *Statistical preparations for next euro area enlargements (ECB's DG-S)*

- 10.1.1. ECB DG-S presented the strategy that the ECB will adopt following euro area enlargements foreseen in the future. Enlargements will impact on both production systems and publications. Therefore, they will have to be handled in the most efficient way possible, evaluating costs and resources needed. ECB formulated a policy that will be followed at any point in time irrespective of the composition enlargement of the euro area. The main suggestion is that at most two sets of euro area time-series are regularly produced and published, i.e. (a) time series for the latest euro area composition as far back as available, and (b) for a limited number of statistics, typically not subject to revisions (like HICP, monetary aggregates, retail interest rates, etc.), reference time series linking all the historical euro area compositions at the dates of enlargement, starting with the original euro area 11 composition in 1999. The ECB informed the CMFB in order to ensure the necessary co-ordination where co-ordination issues arise.
- 10.1.2. Eurostat stressed that the forthcoming enlargements of the euro area, but also of the European Union, open a two-fold problem: (a) adaptation of Eurostat and ECB's dissemination policy to face users' requirements and (b) adoption of a policy concerning the availability of back series. In 2004, Eurostat already successfully experienced an "enlargement situation" with the accession of the 10 new Member States. The choices made at that time were (a) to start publishing official EU25 figures (latest composition of the EU) from the accession date (1 May 2004); (b) to continue publishing EU15 figures (previous EU composition) for reference periods before the accession date, for a short period; (c) to progressively phase out the old EU composition (EU15) - one year for monthly and quarterly data, two years for annual data; (d) to adopt "ad hoc" solutions for sensible variables and/or domains. At the same time, in order to satisfy increasing (institutional) users' requirements, aggregates for the new EU composition were made available a few months before the accession.
- 10.1.3. Concerning the availability of back series, the policy followed varied according to the statistical areas: in some areas, time series for the latest composition of the EU were made available backwards for a period as long as possible; in other areas, time series relative to the composition at the time of the reference period were made available. The choice depended on the indicator.
- 10.1.4. Whilst a policy has not yet been finalised for the new enlargements (euro area and European Union) some elements of the 2004 enlargement approach are still considered valid by Eurostat. Furthermore, in fixing an enlargement policy, Eurostat agrees on having a set of rules that will apply, in principle, to all future enlargements. Such a set of rules should not be limited to Eurostat dissemination and compilation processes, but should also apply to Member States' statistics transmitted and used by Eurostat to compile euro area and EU figures (an example is the current discussion related to the revision of the ESA95 Transmission Programme for establishing a rule for euro area and EU oriented

indicators). Eurostat intended to continue the internal discussion on this issue and to make a comprehensive proposal covering the issues above mentioned by autumn 2006.

10.1.5. Some Member States argued that reconstructing artificial time series linked to the present composition of a zone has a questionable economic meaning and will bias the perception of breaks in the time series.

10.1.6. The CMFB thanked ECB DG-S and Eurostat for the information on plans in this area.

Deadline:	Recommendation or Action:	Responsible:
Autumn 2006	Report to the CMFB in a written procedure on the Eurostat policy for enlargements	Eurostat

10.2. Implementation Plan for Principal European Economic Indicators – Progress report (Eurostat/ECB's DG-S)

10.2.1. Eurostat reported on the progress related to PEEIs and on the activities of the FROCH Group. Concerning PEEIs, several improvements were noted: increased coverage of the HICP flash estimate; positive impact of the amended STS Regulation; continuous improvements in coverage and timeliness of the Labour Cost Index. The FROCH Group stressed the need of updating the voluntary commitments of Member States to pursue the objective of the 2002 Commission Communication on PEEIs and will ask Member States for an update in view of the compilation of the 2006 Status Report due by autumn 2006. The work of the FROCH Group focused also on the PEEIs implementation plans; release coordination (quite successful for some indicators); revision coordination (in its infant stage); data transmission under embargo; communication strategy on HICP and CPIs (to enhance credibility); job vacancies; impact of seasonal and working day adjustments; common dissemination.

10.2.2. ECB DG-S recognised the major achievement in the coordination of the release time of GDP flash estimates but stressed that further efforts should be made in achieving the PEEI target for the first release of GDP and its components. The situation concerning the industrial import price index is still considered disappointing, notably considering the delays in a few Member States. Improvements are also needed for the Corporate output price index. The possibility of producing a flash estimate of the Labour Cost Index should be evaluated against the possible gains: flash estimates will be useful only if they are worth the effort, i.e. if there will be a consistent improvement in timeliness.

10.2.3. Some CMFB Members would much welcome a public document defining PEEIs and presenting a general overview in a user friendly manner. A better articulation for the general public of the European approach to statistics (First for Europe approach) was also mentioned. Several CMFB members stressed the importance of other dimensions of quality rather than timeliness and suggested that commitments should be targeted also to these dimensions. Sharing best practices, exchanging experiences and tools were considered as a good approach to strengthen improvements of PEEIs at the European level. Support of the CMFB on this point would be much welcomed. The approach of the United Kingdom to the transmission of data to Eurostat was very much welcomed and suggested as an example for other Member States. The CMFB Members stressed the importance of testing the use of PEEIs and having also feedback from users other than institutions.

10.2.4. The CMFB noted and welcomed progress made with regards to PEEIs and also noted that further improvements are required. It asked Eurostat to take note of the suggestions made, especially the possibility for sharing information on flash estimates. The CMFB welcomed the strategic decision taken by the ONS to give pre-release access to data for compiling the EU aggregates and asked other Member States to consider if similar moves may be made. The CMFB asked Eurostat to set up sound procedures for protection of data under embargo.

Deadline:	Recommendation or Action:	Responsible:
September 2006	Preparation and finalisation of the 2006 Status Report	Eurostat, ECB DG-S
October 2006	Describe Eurostat procedures for the treatment of data under embargo	FROCH Group Secretariat

10.3. Implementation of CMFB recommendations on seasonal and working adjustments in national accounts – Progress report (Eurostat/ECB's DG-S)

- 10.3.1. Eurostat presented the progress achieved in implementing the recommendations on seasonal and working day adjustments in national accounts. The report focused on three main points: (a) report on progress based on the data transmitted to Eurostat; (b) impact of seasonal and working day adjustments; (c) re-activation of the Task Force on seasonal adjustment of quarterly national accounts to adapt recommendations to the new methodological aspects related, including the introduction of chain-linked volume measures.
- 10.3.2. Eurostat underlined that the revised ESA95 Transmission Programme will explicitly require the transmission of seasonal adjusted and working day corrected data and pure working day corrected data for a limited number of aggregates, beyond the transmission of unadjusted data.
- 10.3.3. The ECB presented a study on the impact of seasonal and working day adjustments on GDP volume growth rates. The note was originally produced for the Governing Council of the ECB. The main outcomes of the study illustrate (a) the importance of the potential impact of seasonal and working day adjustments on volume growth; (b) the different magnitude of such an impact among Member States and among components of GDP; (c) the importance of collecting metadata on the seasonal and working day adjustments; (d) the need of convergence to best practices.
- 10.3.4. The CMFB took note of the progress report and the results of the study on the impact of seasonal and working day adjustments. It acknowledged the importance of having a regular collection of metadata and supported the proposal to reconvene the Task Force on seasonal adjustment of quarterly national accounts. It agreed on the proposed mandate with the addition of certain topics suggested during the discussion (impact of the actual number of working days versus statutory working days, other incidental effects, like exceptional weather and temperature, comparability of approaches to seasonal adjustment, update of recommendations related to new national accounts methodological aspects).

Deadline:	Recommendation or Action:	Responsible:
Autumn 2006	Re-convene the Task Force on seasonal adjustment on quarterly national accounts	Eurostat, ECB DG-S

11. International Accounting Standards (IAS)

11.1. IAS and Statistics - Proposal for a common European flagging policy (ECB's DG-S/Eurostat)

- 11.1.1. The Task Force on international accounting standards proposed a method for flagging the introduction of IAS/IFRS in statistical time series which may be affected (breaks) by the introduction of the International Accounting Standards/International Financial Reporting Standards (IAS/IFRS) in Europe in 2005. In a first phase and in most Member States, IAS/IFRS will only be applicable to consolidated accounts of listed enterprises. These accounts are usually not used for statistical purposes. However, Member States may require or permit that IAS/IFRS are also applicable to individual statements, which are often a source of statistical information. As a consequence, the risk of breaks in time series increases when the use of IAS/IFRS is gradually extended to individual annual accounts of listed and unlisted enterprises. Moreover, as the pace and scope of this extension may vary greatly across the EU Member States, a further risk of loss of comparability may arise. The flagging proposal implies placing two observation flags with any time series affected by the move to IAS/IFRS, as follows:

- the first observation flag should be placed at the date when the countries' regulations or other national legal provisions imposing IAS enter into force, and

- the second observation flag should be placed at the date from which the companies will effectively publish their individual accounts according to IAS.

11.1.2. Several CMFB members recognised the importance for users of having information about the introduction of the new accounting standards. Nevertheless the proposal was considered not detailed enough from a technical point of view in order to assess its workability. Some Members considered that the effects may be visible on micro-data and on source statistics but not on national accounts series, which are "corrected" for breaks. Members agreed that it was also a priority to find practical solutions which avoided further increase of the reporting burden on the enterprises.

11.2.3. The CMFB recognised that the introduction of IAS/IFRS will present a problem for users for which a solution must be found. However, it still considered that there are practical problems and further investigations should be carried out to find the appropriate practical solutions before a policy can be adopted.

Deadline:	Recommendation or Action:	Responsible:
2 nd half 2006	Further investigation on the practical consequences of the IAS/IFRS introduction	Task Force on international accounting standards

12. Any Other Business

12.1.1. With reference to item B.18 on the **Progress report on Financial Services Statistics**, the ECB underlined that the collection and treatment of data for 2004 foreseen for the incoming days will provide relevant information on insurance companies and financial intermediaries that will be used for deriving an indicator on financial integration (key project in the ECB) and other indicators on insurance companies.

12.1.2. Since the agenda was completed and this was the last plenary meeting for the outgoing Chair, the Chairman thanked Eurostat and the ECB for their collaboration and preparation of the papers for the meetings; the CMFB Secretariat, in particular Gallo Gueye, former CMFB Secretary, for their support; the Members of the CMFB Executive Body for their good advice and their help; the CSO colleagues that supported the Chair, Christopher Sibley, Gordon Cavanagh and Mick Lucey; and all CMFB Members for their collaboration in the meetings and consultations. The Chairman wished every good luck to his successors, Hans Peter Glaab and Peter van de Ven.

The Chairman thanked the participants and the interpreters and closed the meeting. The next CMFB meeting is scheduled 1-2 February 2007.

CMFB 29-30 June 2006 – LIST OF PARTICIPANTS

Luxembourg - Jean Monnet Building (Room M6)

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AUSTRIA	Dr. Aurel SCHUBERT Ms Eva-Maria NESVADBA Mr Reinhold SCHWARZL	Oesterreichische Nationalbank Oesterreichische Nationalbank Statistik Österreich
POLAND	Ms Maria JEZNACH Ms Elżbieta BARTKOWSKA	Główny Urząd Statystyczny National Bank of Poland
PORTUGAL	Mrs Isabel QUINTELA Mr João CADETE Mr Carlos COIMBRA	Instituto Nacional de Estatística Banco de Portugal Banco de Portugal
SLOVENIA	Mr Andrej FLAJS Mr Janez FABIJAN	Statistical Office of the Republic of Slovenia Bank of Slovenia
SLOVAK REPUBLIC	Mr Pavol BALÁŽ Mr Gregor BAJTAY	Statistical Office of the Slovak Republic National Bank of Slovakia
FINLAND	Mr Jorma HILPINEN Mr Ari TYRKKÖ	Bank of Finland Statistics Finland
SWEDEN	Mr Staffan WAHLSTRÖM Ms Gunnel BENGTTSSON Mr Gunnar BLOMBERG	Statistics Sweden Statistics Sweden Sveriges Riksbank
UNITED KINGDOM	Mr Graham JENKINSON Mr Richard WALTON	Office for National Statistics Bank of England
BULGARIA	Mr Todor TODOROV Mr Emil DIMITROV	National Statistical Institute Bulgarian National Bank
CROATIA	Mr Igor JEMRIC Mrsd Verica ROKNIC	National Bank of Croatia Central Bureau of Statistics of Croatia
ROMANIA	Ms Silvia CARAGEA Mr Marian MUSTAREATA	Romanian National Institute of Statistics National Bank of Romania
TURKEY	Mr Fikret KARABUDAK	Central Bank

EUROSTAT

Mr Klaus REEH, Mr Laurs NØRLUND, Mr Joachim RECKTENWALD, Mr Eduardo BARREDO CAPELOT, Ms Maria-Helena FIGUEIRA, Mr Francisco SOBRINO, Mr Denis LETHIENNE, Mr John VERRINDER, Mr Gallo GUEYE, Ms Daniela COMINI, Ms Merja HULT, Mr Markus VAN WERSCH, Mr Daniel DEFAYS, Mr Roberto BARCELLAN (Secretary)

DG ECFIN

Mr Franck SCHONBORN, Mr Joao NOGUEIRA MARTINS

**EUROPEAN
CENTRAL BANK**

Mr Steven KEUNING, Mr Michel STUBBE, Mr Jean-Marc ISRAËL, Mr Gabriel QUIROS, Ms Caroline WILLEKE, Mr Reimund MINK, Mr John KIDGELL, Ms Alda MORAIS

OECD

Mr François LEQUILLER

EFTA

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Annex 1



Committee on Monetary, Financial and Balance of Payments Statistics

Plenary session
29-30 June 2006

Luxembourg
Jean Monnet Building, Room M6

Agenda 26.06.2006

Documents will be made available on CIRCA at the following address:

<http://forum.europa.eu.int/Members/irc/dsis/cmfb/home>

The meeting starts at 9.30 on 29 June 2006

PART A - ITEMS FOR DISCUSSION

The allocation of times for each item is provisional

1. OPENING

2. ADOPTION OF THE AGENDA (Mr Keating) (5' – 9:35)

3. ORGANISATIONAL MATTERS (Chairman, Secretariat)

1. Election of the next CMFB Chair and Vice-Chair (5' – 9:40)
2. CMFB consultation on the 2008-2012 five-year Statistical Programme (5' – 9:45)

4. EXCESSIVE DEFICIT PROCEDURE

1. Progress in updating the ESA95 Manual on Government Deficit and Debt (Eurostat) (20' – 10:05)
2. EDP inventories – Progress report and follow-up (Eurostat) (15' – 10:20)
3. Amended procedures for the consultation of the CMFB about the statistics underlying the Excessive Deficit Procedure (CMFB Chairman) (60' – 11:20)

5. PUBLIC FINANCE STATISTICS

1. COFOG data - Progress report (Eurostat) (10' – 11:30)
2. Statistical contribution to the review of the sustainability of public finances (Eurostat/ECB's DG-S) (60' – 12:30)

Break for lunch – the meeting resumes at 14:15

6. QUARTERLY SECTOR ACCOUNTS

1. Release of annual sector accounts for the EU and the euro area (Eurostat/ECB's DG-S) (15' – 14:30)
2. Joint ECB's DG-S/Eurostat Task Force on the Rest-of-the World Account- Progress report (ECB's DG-S/Eurostat) (15' – 14:45)
3. State of play on quarterly European sector accounts (Eurostat/ECB's DG-S) (15' – 15:00)
4. New mandate of the Task Force on quarterly sector accounts (ECB's DG-S/Eurostat) (25' – 15:25)
5. Joint ECB's DG-S/Eurostat Task Force on Insurance Corporations and Pension Funds –Final report (ECB's DG-S/Eurostat) (30' – 15:55)
6. STC Groupe de Réflexion on Financial Statistics within the Euro Area Accounts Framework – Verbal Progress Report (Chairman Groupe de Réflexion, R. Álvarez) (15' – 16:10)

7. BALANCE OF PAYMENTS

1. National Action Plans related to Balance of Payments collection systems (Eurostat) – Progress report (20' – 16:30)

8. NATIONAL AND FINANCIAL ACCOUNTS

1. Co-ordination of the implementation of the NACE revision particularly in national accounts (Eurostat) – Verbal report (15' – 16:45)
2. Progress report on the FISIM Task Force (Eurostat) – Verbal report (15' – 17:00)

End of first day - the meeting resumes at 9:00 on 30 June

9. REVISION OF SNA 93 AND BPM 5

1. Progress report (ECB's DG-S/Eurostat) (SNA 93; BPM 5) (40' – 9:40)
2. Financial assets, financial services and financial intermediation in the new System of National Accounts (ECB's DG-S) (30' – 10:10)

10. EU/EMU SHORT-TERM STATISTICS

1. Statistical preparations for next euro area enlargements (ECB's DG-S) (20' – 10:30)
2. Implementation Plan for Principal European Economic Indicators – Progress report (Eurostat/ECB's DG-S) (20' – 10:50)
3. Implementation of CMFB recommendations on seasonal and working adjustments in national accounts – Progress report (Eurostat/ECB's DG-S) (20' – 11:10)

11. INTERNATIONAL ACCOUNTING STANDARDS (IAS)

1. IAS and Statistics - Proposal for a common European flagging policy (ECB's DG-S/ Eurostat) (20' – 11:30)

12. ANY OTHER BUSINESS

PART B - POINTS FOR INFORMATION¹

CMFB INTERNAL MATTERS

1. Main developments since the last CMFB meeting in January 2006 and minutes of the Executive Body meetings held in Vienna in March 2006 and in Stockholm in May 2006 (CMFB Secretariat)
2. Task forces reporting to the CMFB – list (CMFB Secretariat)

EXCESSIVE DEFICIT PROCEDURE

3. Implementation of Council Regulation (EC) 1222/2004 concerning the compilation and transmission of quarterly Maastricht debt data - Progress report (Eurostat)

BALANCE OF PAYMENTS

4. The Balance of Payments Committee (Eurostat)
5. Balance of Payments Working Group – Progress report (Eurostat)
6. Draft FATS Regulation – Progress report (Eurostat)
7. Centralised securities database project – Progress report (ECB's DG-S)
8. Working Group on External Statistics - Progress report (ECB's DG-S)

QUALITY FRAMEWORKS

9. Follow-up to the joint ECB's DG-S/Eurostat task force on the quality of quarterly national accounts (Eurostat)

NATIONAL AND FINANCIAL ACCOUNTS

10. Revision of the ESA 95 transmission programme – Progress report on the Draft Regulation (Eurostat)
11. Financial Accounts Working Group - Progress report (Eurostat)
12. Working Group on Monetary Union Financial Accounts – Progress Report (ECB's DG-S)

SHORT-TERM PUBLIC FINANCE STATISTICS

13. Short-term public finance statistics - Progress report (Eurostat)
14. Manual on quarterly non-financial accounts for general government (Eurostat)

STATISTICAL INFRASTRUCTURE

15. Data capture and exchange: follow-up of the co-ordination group on priority areas for an efficient flow of statistical data between the ESS and the ESCB (Gesmes/TS). Updated report. (ECB's DG-S/Eurostat)
16. Progress report on the SDMX initiative (Eurostat/ECB's DG-S)

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

17. IAS and statistics: Progress report from the Joint Eurostat/ECB's DG-S Task Force on Accounting and Statistics (Eurostat/ECB's DG-S)

FINANCIAL SERVICES STATISTICS

18. Financial Services Statistics. Progress report (Eurostat)

PRICES

19. Progress report covering HICP - Owner-Occupied Housing (Eurostat)

¹ The points for information will be discussed during the meeting only if a representative informs the CMFB secretariat two weeks before the meeting