

**53RD MEETING OF THE
COMMITTEE ON MONETARY, FINANCIAL AND BALANCE OF PAYMENTS
STATISTICS**

2-3 February 2017
Frankfurt

ITEM A.2
FOR DISCUSSION

ORGANISATIONAL MATTERS AND REPORTS

**Operational work programme for cross-cutting and transversal issues between the ESS and the
ESCB to be implemented by the CMFB in 2017**
(Chair)

Operational work programme for cross-cutting and transversal issues between the ESS and the ESCB to be implemented by the CMFB in 2017

Introduction

The CMFB is the operational platform for cross-cutting and transversal issues between the European Statistical System (ESS) and the European System of Central Banks (ESCB).

Within its role as an advisory body, it facilitates operational cooperation between the two systems. Naturally, the European political and statistical agendas do not remain static. The European statistical community therefore needs to be alert to new and important issues emerging that need to be addressed.

The priorities for the operational work programme were endorsed by CMFB via written procedure in July 2016 and submitted to the ESF Bureau meeting of 16 September 2016. Upon the request of the ESF Bureau, the ESF Globalisation Group and the CMFB EB coordinated and aligned their proposals concerning the globalisation dossier. Furthermore, item V.4, Cross border activities of Multinational Enterprises (MNEs) and cross-border exposures of non-banks, has been added.

On 5 December 2016, the European Statistical Forum (ESF) endorsed the present operational work programme for cross-cutting and transversal issues between the ESS and the ESCB, to be implemented by the CMFB in 2017.

This list of priorities is based on:

- following through and completing those items of the 2016 work programme which remain on-going;
- pursuing work on potential new cross-cutting issues pertaining in particular to Balance of Payments statistics and statistical classification matters.

This document outlines the implementation of the six work packages.

The CMFB is requested to

- **discuss and approve the implementation of the operational work programme for cross-cutting and transversal issues between the ESS and the ESCB for 2017.**

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I. Ensuring the quality of statistics underlying the MIP Scoreboard (Emil Dimitrov, Ville Vertanen)

The macroeconomic statistics underlying the MIP indicators are compiled by both the European Statistical System (ESS) and the European System of Central Banks (ESCB) within their respective spheres of competence (for some the production is even shared). The ESS and the ESCB continuously apply statistical quality assurance mechanisms to ensure that these statistics are reliable and comparable across Member States.

Considering the shared responsibility between the ESS and the ESCB for the production of the statistics underlying the MIP indicators, the ECOFIN Council repeatedly requested the ESS and the ESCB to continue working together on improving the quality of the statistics underlying the MIP scoreboard and on ensuring their comparability.

In 2013, the CMFB set up a Task Force on the quality of the statistics underlying the MIP indicators. The Task Force proposed, among other things, to set up a quality monitoring framework in areas where the compilation of statistics for MIP is based on inputs by both the ESS and the ESCB. This framework was endorsed by the CMFB in June 2014. It consists of three levels of quality reports in increasing order of detail.

The ECOFIN Council recalled, in its 2015 conclusions on EU statistics¹, that the Macroeconomic Imbalances Procedure (MIP) must rely upon sound and harmonised official statistics. The Council welcomed the close cooperation of the ESS and the ESCB, using existing fora, in ensuring the reliability of the statistics underlying the MIP and their comparability, welcomed the production of the first ESS-ESCB quality report on MIP statistics and encouraged the two statistical systems to give high priority to taking forward this programme.

In November 2016, ECB DG-S and Eurostat signed a Memorandum of Understanding on the quality assurance of statistics underlying the Macroeconomic Imbalances Procedure.

Beyond pursuing its contribution to the annual Level 1 quality ESS-ESCB report, the CMFB will pursue the following main actions.

I.1 Level 2 reports: active contribution to further development and monitoring of domain reports

On 4-5 July 2016, the CMFB established a task force on gradual common alignment of the structure and content of the quality reports for BOP statistics that are produced by Eurostat and the ECB and later expand to other areas shared by ESS and ESCB.

I.2 Level 3 report: monitoring of the format of quality templates that will be produced and published by the relevant statistical authorities

¹ ECOFIN Council Conclusions on EU Statistics 2015, 8 December 2015: <http://data.consilium.europa.eu/doc/document/ST-15003-2015-INIT/en/pdf>

II. Monitoring and promotion of initiatives: Use of the Legal Entity Identifier (LEI) and/or other common identifiers in statistical production (Alfredo Cristobal, Emil Dimitrov)

The LEI started running to create and apply a single and universal code to any organisation or firm involved in financial transactions. The use of the LEI is currently being expanded to cover the non-financial sector. The CMFB could contribute to investigating the possibilities on how to use the LEI in practice to compile statistics.

The LEI will gradually become compulsory (as reflected e.g. in EBA regulations.) and hence there is a need to get better acquainted with its properties and investigate its potential use for statistics.

The CMFB has established a statistical stakeholder group with the Global LEI Foundation to address these issues.

A CMFB high level group surveyed the cooperation in Member States concerning business registers and a technical group also worked on this issue in 2015-2016. Based on the reports from the two groups which were approved in July 2016, the CMFB will provide recommendations in an opinion by the end of 2016. The 2017 work programme foresees the following main actions, in accordance with the priorities of the ESF Globalisation Group:

II.1 Analysis of the use of the LEI for statistical purposes

II.2 Defining a way-forward for the development and promotion of the LEI use for statistics

II.3 Follow up on the CMFB recommendations on business registers and identification codes

III. Globalisation - Coordination of a consistent response to international initiatives: SDDS Plus and DGI (Ursula Havel, Robert Kirchner)

Eurostat and the ECB analysed the consistency between the data requirements for the SDDS Plus and G20 DGI and those embedded in EU and ECB statistical legal acts. The analysis concluded that the requirements were largely consistent and that once the legal requirements would be implemented in 2015, EU Member States would automatically comply with 5/6 categories of the SDDS Plus. In June 2016, 9 Member States adhered and a further 6 had plans to adhere in the near future. In this spirit the CMFB contributes to the implementation of the Recommendation II.20 of the G20 DGI, in line with the ESF Globalisation Group.

The work programme foresees the following main actions:

III.1 Updated questionnaire on the practice of SDDS Plus

III.2 Promotion of the DGI, jointly with the ECB and Eurostat

IV. Implementation of international statistical standards, such as ESA2010 and BPM6 (Andrea Brandolini, Gerard Eding)

The CMFB should support the ESS and ESCB in developing awareness of the impact on macroeconomic statistics of the implementation of ESA2010 and BPM6.

In the course of 2015 and 2016, the CMFB task force on a European Harmonised Revision Policy worked on the potential harmonisation of routine revision practices. In parallel an ESS task force has been looking into benchmark revision.

IV.1 Task Force on a European Harmonised Revision Policy (final report in January 2017)

The CMFB will follow-up of the task force recommendations.

V. Balance of payments and international investment position (BOP and IIP)

The ESF meeting of 23 September 2015 approved the proposal for the cooperation between the ESS and the ESCB in the field of balance of payments and related (primary) statistics.

The work programme foresees the following main actions:

V.1 FRIBS and BOP/IIP (Jacques Fournier, Kirsten Wismer)

In 2016, the CMFB developed principles for re-shaping the connection between business statistics and BoP/IIP statistics and assessed the national impact of two different implementation options on the compilation of International Trade in Service Statistics (ITSS). A CMFB opinion was published in September 2016 on the content of FRIBS as far as BOP-IIP statistics are concerned and on the future role of the CMFB in this regard.

V.2 Asymmetries in FDI – Follow up on the commitment by the CMFB members in May 2016 (Ursula Havel, Joe McNeill)

The CMFB will monitor the actions that were recommended by the CMFB Task Force on this matter and follow up the regular reporting on the use of the FDI network. This practical action directly participates in the improvement of the quality of balance of payments and international position as recommended by the G20 DGI and in line with the ESF Globalisation Group.

V.3 Consistency between national accounts and balance of payments statistics (Jacques Fournier, Ville Vertanen)

Comparisons concerning the rest of the world (RoW) accounts between BoP and NA were carried out by Eurostat/ESS as well as by the ESCB, and indicate some discrepancies. Considering the importance of having reliable and consistent statistics, a CMFB task force was established to investigate the remaining methodological and practical causes for those discrepancies and to propose possible solutions to enhance the consistency of both sets of statistics. Results will directly feed the work on the reduction of inconsistencies between the current account and the rest of the world sector in national accounts, also included in the ESF Globalisation Group plan.

In the course of 2016 (first step) the focus was on consistency in the non-financial accounts of both statistics with particular emphasis on goods and services. After the final report on this step in January 2017, the task force will focus on the other important parts of non-financial statistics such as the primary income flows and on financial transactions and assets.

V.4 Cross border activities of Multinational Enterprises (MNEs) and cross-border exposures of non-banks (Alfredo Cristobal, Robert Kirchner)

Pursuant to the recommendations of the ESF Task Force on globalisation and as wished by it, the CMFB will address the statistical issues raised at the operational level by the relocation of MNEs activities across countries and on cross border exposures of non- bank corporations.

VI. Big Data (Gerard Eding, Joe McNeill)

The CMFB will further follow-up the experience across the ESS and the ESCB, with a view to contribute to the mutual information exchange and synergies for all members in this domain.

VII. Other items

The CMFB will also respond to requests by its member(s) and EU institutions and bodies in line with EU legislation.

VIII. Sponsoring arrangements

Work package	Sponsors 2015-2016	Sponsors 2017-2018
<i>WP I – MIP</i>	<i>Kirsten Wismer Emil Dimitrov</i>	<i>Ville Vertanen Emil Dimitrov</i>
<i>WP II – Globalisation, Legal entity identifiers in the statistical production</i>	<i>Alfredo Cristobal Emil Dimitrov</i>	<i>Alfredo Cristobal Emil Dimitrov</i>
<i>WP III – Globalisation , response to international initiatives such as SDDS+</i>	<i>Irmtraud Beuerlein Joe McNeill</i>	<i>Ursula Havel Robert Kirchner</i>
<i>WP IV – Implementation of the new statistical standards (ESA2010 and BPM6)</i>	<i>Gerard Eding Andrea Brandolini</i>	<i>Gerard Eding Andrea Brandolini</i>
<i>WP V – Balance of payments</i>		
<i>WP V.1 – FRIBS and BOP/IIP</i>	<i>Kirsten Wismer Jacques Fournier</i>	<i>Kirsten Wismer Jacques Fournier</i>
<i>WP V.2 – Asymmetries in FDI</i>	<i>Irmtraud Beuerlein</i>	<i>Ursula Havel Joe McNeill</i>
<i>WP V.3 – Consistency of NA-BOP</i>	<i>Joe Grice Joao Cadete de Matos</i>	<i>Ville Vertanen Jacques Fournier</i>
<i>WP V.4 – Cross border activities: Effects of relocation of national affiliates of multinationals on economic statistics Statistics on cross border activities of MNE</i>		<i>Alfredo Cristobal Robert Kirchner</i>
<i>WP VI – Big Data</i>	<i>Joe Grice Joao Cadete de Matos</i>	<i>Gerard Eding Joe McNeill</i>
<i>TF TEKE</i>	<i>Kirsten Wismer Andrea Brandolini</i>	<i>- -</i>
<i>TF EXIM</i>	<i>Kirsten Wismer Jacques Fournier</i>	<i>Alfredo Cristobal Jacques Fournier</i>