

WORK PROGRAMME 2007-2008
of the
COMMITTEE ON MONETARY, FINANCIAL AND
BALANCE OF PAYMENTS STATISTICS (CMFB)

INTRODUCTION

This document constitutes the work programme presented by the new Chairman to the Committee for his term of office in conformity with Article 11 of the rules of procedure. It has been drafted in co-operation with the Executive Body, following consultation with the Commission (Eurostat) and the European Central Bank (DG Statistics).

No major changes are expected in the main role and range of interests of the CMFB for the period 2007-2008. In essence, the CMFB will continue to be an advisory body that has three tasks:

- to assist the Commission by expressing opinions *at the Commission's request* on the setting up and implementation of programmes related to monetary, financial and balance of payments statistics;
- to express opinions, on its *own initiative*, on any question relating to those statistics that are of common concern to the European Statistical System (ESS) and the European System of Central Banks (ESCB); and
- to coordinate the exchange of statistical knowledge between the ESS and ESCB and to contribute to bringing about efficient data collection and compilation as well as access to good quality EU and Euro area economic and financial statistics.

SECTION 1 MAJOR DEVELOPMENTS AND CHALLENGES AFFECTING CMFB ACTIVITIES

In carrying out these tasks, the CMFB will have to take account of several developments and challenges that affect its work environment and its activities. The following section of this paper tries to summarize these developments and their consequences on the main aspects of CMFB activities.

- *Enlargement of the EU* has continued. On January 1st, two new Members, Bulgaria and Romania, have entered the EU, and their statistical authorities have become part of the ESS. It will be necessary to integrate these new Member States further into CMFB

activities and to incorporate more of their data into European aggregates while maintaining and improving timeliness and consistency of the aggregates. To the extent that this is not yet completely achieved in the meantime, the same may be true of other relatively new Member States. Moreover, participation of Candidate Countries as observers in CMFB meetings and in other activities should be supported and encouraged in order to aid their preparation for future membership. It is important that the CMFB and its members should continue to contribute to the assistance to the new Member States and the Candidate Countries through appropriate mechanisms such as bilateral assistance, training, seminars and workshops.

- In November last year, the Council has reviewed the Commission Communication on the *Reduction of the Response Burden, Simplification and Priority-Setting* in the Field of Community Statistics. It came to the conclusion that “while high-quality statistics are crucial for policy making in Europe, enhanced efforts are needed to reduce the administrative burden caused by statistics in the EU.” The Council noted that “while the statistical burden accounts for a relatively small part of the total administrative burden, the overall statistical burden has continued to increase” despite initiatives in reviewing statistical priorities and reducing statistical requirements for areas considered of lesser importance. Beside other, more general points, it specifically recalled an earlier request “to analyse ways to reduce the burden imposed by the Intrastat regulation to the Small and Medium-sized Enterprises”. It also asked for a report on further progress on the various measures by October 2007, including an indication on the change in overall burden. With respect to Intrastat, a two-pronged approach is being envisaged, investigating both the feasibility and the implications of a single flow system of reporting and the possibility of further simplifications in the existing system. In this general context, it is of interest that in a number of individual Member States there is also a political thrust to reduce administrative burdens.
- After the Balance of Payments Regulation was adopted in June 2004 a regulatory *Balance of Payments Committee* has been set up in order to deal with strategic and comitology issues related to Balance of Payments. This Committee has in the meantime taken up its work and has in particular started to discuss questions related to the implementation of the balance of payments regulation, specifically the monitoring of quality. The CMFB will remain the main body to promote a coordinated strategy in this area among the ESS and the ESCB.
- The announced draft evaluation report on the *implementation of regulation 2560*, to be prepared by the Directorate General Internal Market and Services, was postponed to 2007 because of a foreseen adoption of a new legal framework on payment services currently under discussion in the European Parliament and Council. This new legal framework could be amended by the Committee on Economic and Monetary Affairs of the European Parliament. Because of the issue of the *reporting threshold*, the new legislation in this field can have strong repercussions on the bop collection systems in many Member States.
- The planned *regulation on FATS* has been delayed in connection with comitology questions, but may be finalised this year.

- In November 2005, the *Council discussed the system of providing opinions on matters concerning statistics related to the EDP*. It concluded that the system based on CMFB consultations had worked satisfactorily over many years. There was a broad majority in favour of not changing the existing set-up of the CMFB as an advisory body. However, the Council invited the CMFB to review its procedures and to examine possible areas and ways of improvement. This review has taken place in the course of last year and has led to a proposal for revised procedures for the consultation of the CMFB about the statistics underlying the Excessive Deficit Procedure, which are in the process of being finalised.
- A major development that is likely to have far-reaching consequences for European statistics is the ongoing *revision process of the System of National Accounts of 1993 (SNA 93) and of the Fifth Balance of Payments Manual (BOPM 5)* and other related manuals, which will continue to require a close co-ordination at European level. Over the past years important progress has been made in the preparation of the new manuals and compromises on important issues, specifically the treatment of unfunded public pension schemes, have been reached.
- The ECOFIN Council has noted in November that ways should be considered to ensure a coherent approach as regards the *public communication of major statistical revisions* in Member States and has invited the CMFB, to this end, to examine this issue by mid 2007 and put forward a proposal.
- Work on *international accounting standards (IAS) or international financial reporting standards (IFRS)* has continued. In this context, European statisticians will need to further channel their requirements and concerns to the relevant bodies so that they are taken into account as far as possible.

SECTION 2 MAIN PRIORITIES REGARDING THE CMFB RANGE OF INTEREST

Taking into consideration these developments and the range of interest of the CMFB, the following work programme tries to provide a focused list of the main priority issues, covering the points which are likely to be of greatest importance over the coming two years, although, of course, other issues will arise from time to time.

I. SPECIFIC FIELDS OF STATISTICS

1. The main focus will continue to be on the timely provision of consistent and relevant *macro economic statistics at EU and euro area level*. These must be provided in an efficient and independent manner that ensures the continued credibility of the statistical system, and must be easily accessible to the general public *inter alia* to enhance economic and financial knowledge.
2. Given the general drive to reduce *administrative burdens and the budgetary restrictions for statistics*, the CMFB will be expected, in its field of interest, to contribute to the strategic discussion on the *rebalancing of priorities* and the quest for more efficient methods of statistical production, including less burdensome ways of data collection. Reflections on priority setting, simplification and new, more cost-effective solutions are therefore likely to play a greater role in the discussions and may

become a topic in its own right. Possible ways to reduce cost and response burden could include an enhanced and, where appropriate, shared *use of business registers*, introduction of *new IT tools* in all stages of the statistical production process, more widespread *use of sampling* and common estimation methods. In this context, it will be important to promote the *exchange of confidential information* for statistical purposes. The CMFB will also aim to achieve that requirements and collection and compilation methods for (new) economic statistics are evaluated on a cost benefit basis and that, at the same time, opportunities for data reductions are pursued vigorously. In this exercise, it is important for the CMFB to ensure that both the range and quality of those statistics that are most important to users, including in particular the main basic statistics that form the building blocks for the national accounts are not reduced, but rather, where possible, enhanced.

3. *With regard to the Excessive Deficit Procedure (EDP)*, the CMFB will have to further contribute to reinforcing the credibility of the statistical system in general and of the accounts for the government sector in particular. This includes finalising and implementing the revised EDP consultation procedures. Work related to the Excessive Deficit Procedure (EDP) statistics will most probably continue to be a very important part of CMFB activities over the next two years. New issues are likely to be raised by both new and old Member States and may attract increased attention from political authorities and the public at large. With the exception of possible cases of the special light procedure, where no task force will be involved, the highest importance must continue to be attached to the quality of the work of task forces during the investigation step of EDP consultations. The permanent list of Member State experts on EDP statistics that has been set up by the CMFB should contribute to this by enabling specific expertise to be mobilised quickly, whenever necessary.
4. *As far as public finance statistics are concerned*, the CMFB will continue to follow the work of the COFOG Task Force and the progress in the availability and transmission to Eurostat of detailed COFOG data as a basis of a better assessment of the quality of public expenditure. It will also follow other developments on this subject and on the wider project of a database on government and public finance data which will enable Eurostat to check the quality and, in particular, the consistency of government finance data provided by Member States.
5. *With respect to Balance of Payments*, the CMFB will continue to provide advice and discuss both short-term and long-term developments. It will especially have to follow closely developments with regard to *regulation 2560* and the threshold issue and discuss consequences for data quality and balance of payments collection systems. Another important subject for CMFB discussion could be the development of the *Intrastat* system. Though Intrastat in itself does not belong to the field of interest of the CMFB, major changes in this area will affect balance of payments statistics and national accounts and are therefore likely to become a topic for discussions. In general, the CMFB will be informed and/or consulted on major developments concerning, in particular, the implementation of *new data collection systems* based on direct reporting and issues relating to the assessment and improvement of quality. This could include some new work on *asymmetries*. The CMFB will also be involved in the further integration of quarterly and annual BOP and National Accounts.
6. The adoption of the planned FATS regulation has been delayed in connection with questions concerning the comitology procedure for defining the proper quality

standards and the contents and periodicity of the quality reports. Though further delays are possible, the CMFB may have to do work relating to the implementation of this regulation and in connection with the envisaged feasibility studies.

7. *The ongoing revision process of SNA 93, BPM 5 and other related manuals* will in the medium term have a strong impact on many European statistics and therefore requires close co-ordination at European level. Co-ordination of European positions, especially in matters which are of specific importance in the European institutional environment, as in the case of unfunded public pension schemes, will help to present these positions more effectively at international level and contribute to maintaining consistency between SNA and ESA. The CMFB will continue to play a key role in encouraging this co-ordination, based on work carried out by the Eurostat/ECB's DG S steering committee on the revision of SNA 93 and BPM 5, and in evaluating consistency between the various international manuals. As work on the new manuals comes to a close over the coming years, attention may start to shift towards a consistent update of ESA95 and to questions of implementation. Here again, there will obviously be a need for co-ordination in planning and preparing the transition.
8. One area where the new SNA is already leading to methodological activities in Europe is the treatment of pension schemes. Here, the CMFB will have to follow the progress of the Task Force on the statistical measurement of the assets and liabilities of public sector pension funds and social security schemes that has already taken up its work.
9. While in the meantime a high degree of consensus seems to have been reached on the timing of implementation of the revised NACE, follow-up issues in the field of interest of the CMFB may arise, which may have to be discussed.
10. Price statistics could also play an important role in the coming CMFB discussions, as further progress in the harmonisation of HICPs is highly desirable, especially on difficult methodological points such as quality adjustment and owner-occupied housing. In connection with the last point, but also as a topic in its own right, the progress on the development of better and, to the extent possible, harmonised indicators for the residential property prices may also have to be dealt with.

II. HORIZONTAL ACTIVITIES AND GENERAL ISSUES

1. In order to support the *best quality and most efficient production* of monetary, financial and balance of payments statistics, the CMFB will continue to promote the development and use of good practice, common appropriate IT tools (e.g., CSDB), and efficient statistical techniques (e.g. thresholds, sampling, and the integration of different statistics) throughout the ESS and the ESCB. The aim is to make the collection of data and the compilation and dissemination of statistics more efficient, to enable the release of data in a co-ordinated manner, and to facilitate the exchange and sharing of data and metadata through harmonised statistical infrastructures. In this context, the CMFB will, in particular, continue to support progress on the *Statistical Data and Metadata Exchange (SDMX)* initiative and to strongly encourage a generalised use of *GESMES/TS* for exchanging statistical data within the ESS and between the ESS and the ESCB.

2. Following the adoption of the Commission Regulation on IAS, the CMFB considers it very important to ensure that statistical requirements are, to the extent possible, adequately taken into account in new or revised *IAS or IFRS*. In addition, efforts should continue be made to co-ordinate the implementation of IAS both within and between the various countries and to harmonise reporting requirements. This would help to reduce the reporting burden on enterprises, to improve data sources for statistics and to minimise breaks in series. The CMFB will continue to play a major role in communicating the requirements of European statisticians vis-à-vis the IAS and IFRS setters and may have to discuss further the consequences of the new accounting standards on statistics.
3. The CMFB may have to continue efforts to work towards a greater harmonisation of national and European *revision policies*, starting from documenting national practices and analysing the scope for more harmonised practices.
4. Following the request of the Council, the CMFB will have to address, as a matter of urgency, questions of good practice with regard to the *public communication of major statistical revisions*.
5. Methodological and practical work on more harmonised approaches to *seasonal adjustment and calendar adjustment* is highly desirable, both for quarterly national accounts and other statistics. The CMFB will have to give guidance and discuss the results of the various fora which are to continue their work on these issues.
6. As new statistical requirements follow from political priorities and as the European economic decision-making is based on a wide set of macroeconomic statistics, there is a continuing need for a close co-operation between policy-makers and senior statisticians. The CMFB will maintain its *communications with the EFC* via the EFC Sub-Committee on Statistics to ensure better understanding of the statistical issues involved and reinforce the credibility of the EDP process. It will continue to provide regular reports to the Chairman of the Sub-Committee.
7. While several improvements have already been made in the CMFB website over the last years, there may still be scope for further improvements to make it more useful and informative both for CMFB members and outside users.

Naturally, coping with new developments and requirements while maintaining and improving activities in all other CMFB areas will require very significant resources at both EU and national levels.

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