

MAIN CONCLUSIONS AND LIST OF ACTIONS OF THE
CMFB MEETING HELD ON 2-3 JULY 2009

(Final - 21 September 2009)

1. OPENING OF THE MEETING

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- 1.1 The Chairman opened the meeting. Interpretation was available in English, French, German, Italian, Portuguese, and Spanish.

2. ADOPTION OF THE AGENDA

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- 2.1 The Chairman announced that Walter Radermacher, Director General of Eurostat, would join the meeting and would make a presentation on the Eurostat response to the statistical issues arising from the government interventions in relation to the financial turmoil and the CMFB opinion of 18 March 2009, see item 5.1.
- 2.2 The agenda was adopted.

3. ORGANISATIONAL MATTERS

3.1. Organisational matters (Chairman)

- 3.1 The Chairman announced that all CMFB members had supported the election of Ms Helka Jokinen, Bank of Finland, for the CMFB Executive Body, replacing Ms Edit Gódorné Kaló. This had become effective as of 3 June 2009.

4. STATISTICAL CONSEQUENCES OF TURMOIL IN FINANCIAL MARKETS

4.1. ESS Action Plan – Progress report (Eurostat)

Presentation

- 4.1.1 Eurostat provided a brief progress report on the ESS action plan. It was observed that existing procedures worked well, and that coordination and communication aspects had been strengthened and awareness had been raised. The relevant technical Committees and Groups, including ECOFIN, EFC, CMFB, and various Working Groups, had been regularly informed about the ESS Action Plan. Furthermore, Eurostat emphasised the work carried out by the CMFB Task Force on the statistical accounting consequences for government of the financial turmoil and valued the good cooperation with Member States. Eurostat highlighted the creation of a dedicated section on the Financial Turmoil on its website.¹
- 4.1.2 Eurostat also mentioned that an Inter-Agency Group on Economic and Financial Statistics had been established as a joint undertaking by Bank for International Settlements, Eurostat, ECB, the International Monetary Fund, the OECD, the United Nations, and the World Bank. The Inter-Agency Group had set up a web site² to facilitate the monitoring of economic and financial developments for the G20 countries, including the euro area.

Discussion

- 4.1.3 The UK drew the attention of the CMFB to the 'International Timeline of Policy Responses to Global Financial Crisis'³ prepared and updated by the New York Fed.

Conclusion

- 4.1.4 The CMFB thanked Eurostat for the progress report, and complimented Eurostat and other international organisation for the progress made. The UK was also thanked for pointing out the 'Timeline' website.

4.2. ESCB initiatives in the context of the financial markets turmoil (ECB DG-S)

Presentation

- 4.2.1 ECB DG-S made a short presentation of the ESCB initiatives aimed at strengthening the information on financial statistics. Improved timeliness for some existing data and better information on e.g. financial vehicle corporations (by 2010) and investment funds (by end of 2009) as well as more micro-data, including further developments of the Centralised Securities Database, were all among the measures taken.
- 4.2.2 At global level, the G20 initiative for the Principal Global Indicators Website was highlighted. Finally, initiatives relating to a strengthening of EU financial supervision were mentioned.

Discussion

- 4.2.3 It was briefly discussed whether more or earlier statistical information could have limited the current financial crisis. While it seemed impossible to answer such a hypothetical question, it was evident that the available statistical information provides an essential base for taking the necessary economic decisions in the current situation. Further harmonisation of statistics and development of financial stability statistics are seen as indispensable improvements for the future. The creation of the European Systemic Risk Board to monitor and assess potential threats to financial stability was also mentioned.

Conclusion

- 4.2.4 The CMFB thanked ECB DG-S for the presentation and appreciated being informed about ESCB initiatives in this area as this will have a positive impact on economic statistics in general.

¹ See http://epp.eurostat.ec.europa.eu/portal/page/portal/financial_turmoil/introduction

² See <http://financialdatalink.sharepointsite.net>

³ See http://www.ny.frb.org/research/global_economy/policyresponses.html

5. EXCESSIVE DEFICIT PROCEDURE

5.1. EDP activities – Progress report (Eurostat)

Presentation

- 5.1.1 Eurostat presented an overview of the developments since February 2009 in the area of the Excessive Deficit Procedure (EDP), and mentioned that a joint OECD-Eurostat Taskforce had been set up on the accounting implications of emission permits trading.
- 5.1.2 Two chapters on capital injections into public corporations and quasi-corporations, and a chapter on debt assumption and debt cancellation of the Manual on Government Deficit and Debt (MGDD) had been submitted to the CMFB for opinion. The overall result was positive subject to some amendments. A further three chapters would be submitted to the CMFB in July. Since the revision of the MGDD chapters does not fall under the CMFB rules for EDP consultations, the time schedule would take account of the holiday period. The final chapters were expected during the autumn aiming at a final version towards the end of 2009.
- 5.1.3 Eurostat also informed about a consultation on revised EDP Tables and Questionnaire, which had been submitted to the CMFB earlier during the same week as the Plenary meeting. The Chairman explained that the CMFB rules for EDP consultations only allow a fairly short period for the consultation of members and that CMFB members would be asked for their opinion as soon as possible after the Plenary meeting.

Discussion

- 5.1.4 Several members noted that the CMFB consultation on revised EDP Tables and Questionnaire had been submitted at the beginning of the summer holiday period. In relation to the content, the remarks concerned mostly the resource requirements for completing the new Tables and Questionnaire. Eurostat explained that changes to the Tables and Questionnaire had been carefully reviewed by the FAWG over the past 1½ years and that several thresholds had been introduced in the EDP Tables, e.g. for the reporting on PPPs, in order to focus on the essential information requirements. One member asked about the need for the autumn notification.

Conclusion

- 5.1.5 The CMFB thanked Eurostat for the presentation. The CMFB welcomed the progress on the MGDD and that the full version would be ready by the end of 2009. The CMFB acknowledged that thresholds for the reporting in the revised EDP Tables and Questionnaire had been introduced by the FAWG in order to meet concerns about resource requirements. Finally, regarding the TF on the statistical accounting consequences for government of the financial turmoil, it was considered that the TF should only be reconvened if necessary.

Deadline:	Recommendation or Action:	Responsible:
End of 2009	Submit MGDD to CMFB	Eurostat

5.2. Announcing Eurostat decision regarding Statistical Consequences for Governments of the Financial Turmoil

Presentation

- 5.2.1 The Chairman introduced Walter Radermacher, Director General of Eurostat, and welcomed that he would pre-inform the CMFB about the planned Eurostat decision on the Statistical Consequences for Governments of the Financial Turmoil.
- 5.2.2 Walter Radermacher explained that the delay between the CMFB Opinions and the forthcoming Eurostat decision was due to a need for further studying of ongoing developments, and reflection on those issues where the CMFB did not reach a majority. In his presentation, he made specific references to the ESS Code of Practice underlining the concepts of independence, integrity, and

accountability, and the UN Fundamental Principles of Official Statistics regarding professionalism and legislation/transparency.

- 5.2.3 Walter Radermacher underlined the quality aspects, i.e. that
- reliability is important but there are many cases in the current financial crisis where the value of an asset is unknown;
 - consistency requires similar treatment of similar cases;
 - interpretability (or usability) of data would be improved if core accounts contained data of normal reliability while non-core accounts contained the supplementary information of much higher uncertainty;
 - transparency would be ensured if all information would be available for users;
 - coherence over time is needed in the recording of the gross debt (as defined by the Treaty); in the current situation the gross debt could explode for a period through the recording of uncertain risk elements – even if the risks would not materialise in the end.
- 5.2.4 He added that the Eurostat decision was based on the CMFB opinion in conjunction with technical considerations regarding the quantification of risks, in particular for those uncertain risk elements that may be linked to the present situation. The treatment of privately owned SPE and liquidity schemes was concerned provided that their setup was clearly linked to the present situation of financial turmoil. The decision would be of a general nature and would refer to operations undertaken in the context of financial crisis conditions. The decision would be accompanied by a set of supplementary tables.
- 5.2.5 The objective was to publish the Eurostat decision on 15 July 2009, and to draw up supplementary tables in consultation with the FAWG before the October notification. The supplementary tables should be published in a suitable format together with the notification. Finally, a methodological note would be published.

Discussion

- 5.2.6 The Chair briefly explained that the CMFB is a consultative body to the Commission. Following a consultation of the CMFB, it is up to Eurostat to decide on the subsequent steps.
- 5.2.7 Eurostat clarified that application of the forthcoming decision would be limited to government interventions, which by construction are foreseen to handle specific problems related to the financial crisis.
- 5.2.8 It was questioned whether Eurostat's decision was fully consistent with the general framework of the ESA. For example, in the case of classifying SPEs, legal form seemed to become more important than economic substance. In this respect, concerns were also raised about the change in interpretation of the ESA by Eurostat between March and July 2009. Eurostat clarified that, due to a variety of circumstances, it had reconsidered the treatment of government interventions related to the financial turmoil. Eurostat was of the opinion that the treatment of statistical risks was extremely difficult in the current situation as normal methods for estimating the default risk could not be applied. Hence, it was considered important – also from a communication point of view - that the impact of the risks would only be included in the core accounts at the moment when the risks would materialise. In that way, the very high expectations and legal requirements as regards the quality of the measurement of deficit and debt would be respected in the core accounts. It was noted that some details may still need to be worked out further.
- 5.2.9 In a more general context, it was mentioned that official statistics is supposed to be an ex-post presentation of things that have already taken place. The types of risks seen in the current situation are difficult to handle because the risk profiles cannot be assessed reliably, and it could be considered in the future to further enhance the approach suggested by Eurostat.
- 5.2.10 There was some discussion about what should be contained in the supplementary tables. It was generally accepted that the supplementary tables would show a full picture of the risk involvement of government, including government guarantees. On the other hand, some members argued that Eurostat's decision on the recording of interventions in the official EDP-notifications and on the compilation of supplementary tables could be used as a method to conceal the potential debt arising from guarantees and similar arrangements, similar to private banks putting all risks off balance sheet. Others argued that the existence of supplementary tables could potentially overshadow the core accounts.

- 5.2.11 In relation to the above, the concepts of "net and gross debt" were also discussed. Some members showed sympathy for a "net debt" concept, especially in the current situation, and some Member States already compile a net debt to supplement the Maastricht "gross debt" figures. However, it was underlined that the Maastricht debt is defined using a gross concept.
- 5.2.12 It was also stated that the ESA recording of transactions between government and (non-financial and financial) corporations should not only be assessed from the point of view of government. Eurostat emphasised that government transactions, whether to the financial or to the non-financial sector, should be treated in the same way in the EDP-tables and in the ESA national accounts framework.
- 5.2.13 Finally, several members of the CMFB and Eurostat emphasised the communication aspects. It was clear that Eurostat had changed its views on certain aspects since the March notification, and Eurostat acknowledged that the recording of debt and deficit in the October notification would be affected in some Member States.

Conclusion

- 5.2.14 The CMFB thanked Walter Radermacher for his clear and comprehensive presentation regarding the process leading to a Eurostat decision on statistical accounting consequences for government of the financial turmoil.
- 5.2.15 The CMFB welcomed the fact that Eurostat has reached a decision and appreciated that it will be published shortly.
- 5.2.16 The CMFB took note of the intention of Eurostat to develop supplementary tables, in consultation with the FAWG, to enhance transparency regarding the statistical impact of the operations undertaken by government during the financial turmoil. The CMFB acknowledged the motivation behind the development of these tables.
- 5.2.17 Given the indication that Eurostat's decision is not fully aligned with the CMFB opinion, several members of the CMFB expressed serious concerns.
- 5.2.18 Finally, the CMFB supported Eurostat on the importance of full and clear communication to the public.

6. REVISION OF INTERNATIONAL STANDARDS

6.1. 2008 SNA - Progress report (Eurostat/ECB DG-S)

Presentation

6.1.1 Eurostat made a brief presentation on the progress of the SNA. Volume 1 had been updated taking into account the clarifications by the AEG on the treatment of pensions, non-life insurance in connection with catastrophic events, and standardised guarantees issued by government as well as corrections of errors and typos. Volume 2 had been approved in principle at the UNSC meeting in February 2009. It was expected that the full 2008 SNA would be ready for translation by August 2009. Further work on emission permits, insurance and some other subjects will be included in the SNA as separate documents.

Discussion

Conclusion

6.1.2 The CMFB thanked Eurostat for the progress report.

6.2. Revision of ESA-95 – Progress report (Eurostat)

6.2.0 The Chairman suggested splitting this item into three separate issues, a) general progress, b) market/non-market output, and c) ESA transmission programme.

6.2.a. General progress

Presentation

6.2.1 Eurostat explained that 23 out of 24 ESA chapters had been posted on CIRCA. Taking into account the comments made in the various working groups, the chapters were in the process of being amended and would be made available in July-August 2009. Further work will be carried out on the consistency across chapters, and consistency with BoP and SNA. One of the next steps in the process is that Eurostat will ask Member States in a written procedure to identify those issues, which are most in need of a further discussion. Finally, Eurostat recalled the agreed timetable.

Discussion

6.2.2 Concerning R&D Eurostat explained that the task force had examined the issues at its meeting in May, especially whether freely available government R&D should be capitalised. These issues would be discussed by the ESA Review Group in November 2009 and the Directors of NA in early 2010. This would possibly allow testing of the methodology up until 2012-13 before taking a decision.

Conclusion

6.2.3 The CMFB thanked Eurostat for the progress report and the further information provided on R&D.

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6.2.b Market/non-market output

Presentation

6.2.4 DG ECFIN made a presentation indicating that some government data are less than ideal for economic analysis purposes. Since the statistical accounting data for the government sector are used in an administrative context, it has created an incentive to shift debt and costs from general government to public enterprises. In order to mitigate this problem, it was suggested to extend the perimeter of general government to include public enterprises, which fundamentally do not act as private enterprises (i.e. structurally loss making). Another option would be to record reinvested earnings/losses of public enterprises in the government accounts.

6.2.5 Eurostat expressed sympathy with the DG ECFIN presentation and noted that the present rules have loopholes. For example, the rules allow governments to underfund a public enterprise over a number of years with a positive effect on deficit, before solving the problem through operations, which have a one-off effect on deficit or only an effect on debt.

- 6.2.6 Subsequently, Eurostat presented the results of a Member State' survey regarding the 50% rule determining whether public enterprises are to be recorded inside or outside general government. It was clear from the survey that the rule should be improved. The survey showed that most Member States were in favour of maintaining the 50% threshold. There was also a majority for including expenditure on interest in the calculation of costs and for supplementing the rules with qualitative criteria. Eurostat noted that the issue of reinvested earnings was not part of the questionnaire.

Discussion

- 6.2.7 Several CMFB members suggested that the issue of reinvested earnings should be treated in a general NA context - not just in an EDP context – and it was noted that the compilation of reinvested earnings could become a resource consuming exercise, especially if it should be applied consistently across all sectors. The timely compilation could also be difficult due to delays in the availability of the relevant data. It was proposed to prepare a supplementary survey among Member States on this issue.
- 6.2.8 There was a general acceptance of the outcome of the survey on the 50% rule. There were some further suggestions to examine 'net interest' and 'opportunity cost of capital' in addition to the 'cost of interest' and to exclude subsidies. Some members agreed with the concerns expressed during the presentations that public corporations may accumulate losses over many years without these losses having an impact on the government deficit, and welcomed further discussion.
- 6.2.9 Eurostat informed the CMFB that the issue of reinvested earnings was included in the SNA short-term research agenda.

Conclusion

- 6.2.11 The CMFB thanked DG ECFIN and Eurostat for their presentations. The CMFB took note of the concerns expressed by some members regarding the reinvested earnings approach, which should be examined in a NA context and not only in an EDP context. The CMFB welcomed the proposal for a supplementary survey on the reinvested earnings approach.
- 6.2.12 Regarding the 50% rule, the CMFB noted that a large majority is in favour of maintaining the 50% criteria but that some CMFB members advocated improvements of quantitative criteria.
- 6.2.13 Finally, the CMFB encouraged Eurostat to examine these issues further, in particular in light of the timetable for the ESA revision and because of the importance of the issues at stake.

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6.2.c Transmission Programme

Presentation

- 6.2.14 Eurostat presented the plans for the new ESA Transmission Programme. The changes to the Transmission Programme (TP) will be guided by priorities pointed out during the methodological discussions. Eurostat will take a minimum approach taking account of what is necessary because of the changes to ESA as well as some needs recognised by EPC, EFC, or the ECOFIN Council such as data related to the PEEI targets, COFOG data, supplementary tables for pension schemes, EU KLEMS, and Research and Development. The TP will cover core and supplementary tables, but not data requirements related to satellite accounts. In general, the aim is to streamline the data requirements and to avoid double transmission. Regarding deadlines, the introduction of thresholds would be considered in order to alleviate smaller countries from some of the data transmissions. However, it was a clear target of Eurostat to avoid derogations.
- 6.2.15 Regarding the legal procedures, the TP will be adopted under the co-decision procedure by Parliament and Council. As regards future amendments, Eurostat would prefer a lighter procedure (Commitology with scrutiny), subject to safeguards in case of significant amendments or amendments with an important impact on resources. It was added that resource issues could be taken up at a later stage in the political process.
- 6.2.16 Finally, Eurostat explained that the presentation had mainly focused on the strategic aspects but it was the intention to discuss the subject in more detail at all relevant meetings until the adoption of the proposal.

Discussion

- 6.2.17 The CMFB generally welcomed the first discussion, and especially that strategic issues were being raised well in advance of the discussions at the Council and Parliament. It was noted that if the

methodological issues related to the supplementary tables on, e.g. pension schemes or research and development, are not solved before the TP is put forward by the Commission to Parliament and Council, it may slow down the discussions in the policy domain because of uncertainties regarding the data requirements.

- 6.2.18 Some CMFB members noted that the document should take further account of the producers' point of view and priorities. Regarding the proposed deadlines of 30/60/90 days for quarterly data, Eurostat explained that it is intended to have a stepwise approach. Several members suggested to launch a study in order to examine the feasibility, reliability, and costs of flash estimates at t+30 days. It was suggested that the TP should include a facility to flag national data of lower quality, which may be used only for the compilation of EU aggregates.
- 6.2.19 It was also mentioned that the TP should be brought into a broader perspective whereby the "horizontal" consistency and coordination was ensured, e.g., with balance of payments and financial accounts, as well as setting "vertical" requirements on source data.

Conclusions

- 6.2.20 The CMFB thanked Eurostat for the presentation, especially because the discussions on the transmission programme start already now well before it will be submitted to the Council and Parliament. The CMFB agreed
- that there is a need for a stable transmission programme, which is related to structural needs;
 - that there is a preference to include core accounts and supplementary tables into the legal act but not satellite accounts (environment, etc); in this respect, it was noted that the inclusion of some supplementary tables may lead to a delay in the legal process, and that a cost/benefit analysis should be made;
 - that several members expressed concern about timeliness versus reliability, and underlined the need for a feasibility study on flash estimates at 30 days; other options could be considered such as flagging of national data (to be used only for the purpose of compiling EU aggregates);
 - that, more in general, different requirements for smaller member countries should be made possible, leaving open the question on how to implement this;
 - that there is a need to consider the legal procedures for amending the future transmission programme, thereby taking account of the importance of the amendments and the resource impact;
- 6.2.21 The Chairman concluded that the concerns are recognised by the CMFB and that Eurostat will examine the best way forward.

7. PUBLIC FINANCE STATISTICS

7.1. Pension entitlements in EU countries – Progress Report of the Contact Group on Pensions (ECB DG-S/Eurostat)

Presentation

- 7.1.1 ECB DG-S presented a progress report on the work of the Contact Group on Pensions, which had concentrated on the completion of the pension related questionnaires and the benchmarking. Most Member States had provided the requested information, but a few countries were still missing. The Workshop held in Frankfurt had been very successful and it had concluded that accrued-to-date pension entitlements should be introduced in the ESA as part of the NA balance sheets, especially for households and the government sector. The need for transparent estimations and consistency with the work of the EPC Ageing Working Group was underlined, even if the concepts are different.
- 7.1.2 Finally, the CMFB was asked to support the further work of the contact group.

Discussion

- 7.1.3 The work carried out by the Contact Group was generally appreciated, including the organisation of the Workshop. The continuation of the Contact Groups was widely supported. Some few countries explained that they had not returned the questionnaire due to resource constraints while one Member State mentioned that it had not received the questionnaire.
- 7.1.4 It was noted that these data are very sensitive and publication should only be done after explicit consent by each country. On the other hand, it was also noted that the same or similar figures are publically available in many countries.
- 7.1.5 Finally, it was stressed that a good cooperation between the different actors at national level is welcome in order to ensure a full understanding of the differences between the EPC Ageing Working Group results, which are forecasts, and the 'extended balance sheet calculation' carried out in the NA context.

Conclusions

- 7.1.6 The CMFB thanked ECB DG-S and Eurostat for the progress report and ECB DG-S for the presentation. The CMFB fully supported the work of the Contact Group, especially to ensure that there is an efficient exchange of knowledge among Member States to further develop the models. There was also a broad support for continuing and completing the annual estimations of pension entitlements and a call for improving the compilation guide.
- 7.1.7 The CMFB acknowledged the political sensitivity of the data and noted that certain criteria are to be met before data are published, including harmonisation of results and a clear communication regarding, e.g., comparison with EPC Ageing Working Group results.
- 7.1.8 Finally, the CMFB calls upon remaining countries to complete the questionnaires.

Deadline:	Recommendation or Action:	Responsible:
asap	Remaining Member States to complete the questionnaires	Member States

8. NATIONAL ACCOUNTS

8.1. Towards a common revision policy for National Accounts and Balance of Payments (Eurostat/ECB DG-S)

Presentation

- 8.1.1 Eurostat and ECB DG-S explained that the ideas for a common revisions policy had already been discussed at earlier meetings. Following a fact-finding exercise on national practices, it was now possible to make more concrete proposals at European level. The fact-finding exercise had shown a significant heterogeneity, both across domains and across countries. In order to limit the scope, it was suggested to pursue a top-down approach and to focus on BoP and NA, not the underlying basic data sources. The more concrete proposals for both annual and quarterly data were reviewed.
- 8.1.2 The problems related to seasonal adjustment and indirect methods for quarterly data were acknowledged.
- 8.1.3 Finally, it was proposed to carry out impact studies at national level in order to better understand the implications.

Discussion

- 8.1.4 The discussion provided several examples of practices and needs that would need to be considered before arriving at a common revisions policy.
- 8.1.5 It was generally felt that BoP or External Statistics (ES) specificities had not been fully taken into account in the proposal. For example, the time needed for a full breakdown by trading partners or the delays for the collection of FDI data were practical issues, which needed to be further considered. Furthermore, the trade-offs between needs for long time series, detailed breakdowns, data series without breaks, and consistency across all statistical domains would also need to be addressed. It was recognised that the current proposal was driven more from the NAs side than from the BoP side, but this was mainly because more information was readily available for NA.
- 8.1.6 Some members explained that even at national level it could be difficult to agree on a common policy. For example, NA and BoP may use a different set of sources for the same data, and BoP generally incorporate new data sources as soon as possible while NA is more concerned with time consistency.
- 8.1.7 It was suggested to compile an inventory of regulations affecting NA and BoP deadlines. The suggestion to carry out impact studies was welcomed but the time frame would need some adjustment. Finally, it was noted that a common revisions policy would enhance the general service to users.
- 8.1.9 Eurostat and ECB DG-S thanked for the feedback and took note of the comments.

Conclusion

- 8.1.10 The CMFB thanked Eurostat and ECB DG-S for their preparations and presentations. The CMFB noted that the range of opinions expressed on a number of issues was fairly wide and not all in the same direction, but that CMFB members shared the objective of having a common revisions policy for NA and BoP. The CMFB broadly supported the proposal but noted that there may be cost implications and they should be assessed before deciding on the exact practices. The CMFB encouraged Eurostat and the ECB to raise the issue of a common revisions policy with the BoP WG and the WG-ES respectively. Finally, the CMFB agreed that national impact studies should be undertaken and that the planning should take account of the comments made during the meeting. Eurostat and the ECB were invited to develop a common framework of the impact studies.

Deadline:	Recommendation or Action:	Responsible:
-	Raise the issue with respective working groups and to report on progress to CMFB by January 2010	Eurostat and ECB DG-S

8.2. Task Force on quarterly European accounts by institutional sector - Progress report (ECB DG-S/Eurostat)

Presentation

8.2.1 Eurostat and ECB DG-S made a presentation on the progress of European sector accounts, underlining the user interest in both European (EU and euro area) aggregates and national data series. Member States were encouraged to join the group of countries that would publish national data starting from 30 October 2009. The measures aimed at quality improvements including the compilation of inventories were briefly presented, as was the status for the early euro area accounts estimations. ECB DG-S emphasised the increased usage of the data within the ECB and in ECB publications.

Discussion

8.2.2 The issue of transmission deadlines was briefly discussed; it was recognised that early transmission could be difficult if consistency with EDP data should be maintained for 4th quarter data. Eurostat accepted that full consistency could not be obtained in all cases.

Conclusion

8.2.3 The CMFB thanked Eurostat and ECB DG-S for the progress report. The CMFB generally supported the proposed work programme, but noted that some problems relating to the trade-off between timeliness and reliability need to be addressed. The CMFB agreed, in principle, with the proposal for a joint publication of national and European key indicators but acknowledged that quality issues need to be solved for the publication of certain national data.

8.3. Report from Task Force on Rest-of-the-World Account: Results of the BoP/RoW survey 2009 (Eurostat/ECB DG-S)

Presentation

8.3.1 ECB DG-S presented a document on the results of the BoP/RoW survey 2009 prepared jointly with Eurostat. The survey was a follow-up of earlier surveys in 2004 and 2006. The survey showed an overall progress, in particular for quasi transit trade, but problems with revisions and vintages, undistributed income from Collective Investment Institutions, and FISIM were still important sources of discrepancies between BoP and RoW data. The report included a large number of recommendations. It was suggested that the countries most affected should establish an action plan to address the discrepancies.

8.3.2 Finally, it was suggested to repeat the survey in 2011 and to report core results on a regular basis to the CMFB.

Discussion

8.3.3 Several CMFB members congratulated the Task Force/Network on the survey and, in particular, on the many interesting recommendations.

8.3.4 There was a general agreement that the Task Force/Network had identified the main sources for the observed differences. It was noted that some of the differences are due to specific methodological differences between BoP and NA, and it was proposed to establish bridging tables between RoW and BoP. Further work towards harmonisation of data sources could also improve the situation, bearing in mind that the discussion on revision policy had shown several difficulties. It was suggested that earnings from trading banks should receive higher priority than FISIM.

8.3.5 CMFB members generally supported the work programme.

8.3.6 There were some remarks about specific data not being fully up-to-date in the document. Eurostat would correct errors but would only take account of newer data in the next update. ECB DG-S added that the Task Force/Network would also take account of the other comments.

Conclusions

8.3.7 The CMFB thanked ECB DG-S and Eurostat for the presentation, and welcomed the recommendations drawn up by TF. The CMFB encouraged Member States with larger discrepancies to address the issues identified in accordance with the relevant priorities. The proposal for bridging tables between BoP and RoW accounts was welcomed.

8.3.8 The CMFB noted that it could be useful to repeat this type of survey with the aim of identifying remaining problem areas and reducing discrepancies. The CMFB requested the TF to report back to the CMFB in June 2010 about plans for a new survey, and suggested to set up a regular monitoring on a reduced basis to report on actual transmitted data subject to availability of resources.

Deadline:	Recommendation or Action:	Responsible:
June 2010	Report about plans for a new survey to CMFB	TF RoW Account

9. FINANCIAL ACCOUNTS

9.1. Attribution of banknotes within euro area members states (ECB DG-S)

Presentation

9.1.1 ECB DG-S presented the proposal for a simplified methodology for the allocation of euro bank notes. The proposal had already been discussed at the EAA WG and the FAWG. The current methodology is based on assumptions relating the demand for notes in legacy currencies prior to the change-over. The new methodology would start with an estimation of non-residents holdings of euro notes using BoP data, and then apply a streamlined process for the estimation of national totals using national estimates. The ECB would provide an estimate for those countries, which would not produce national estimates.

Discussion

9.1.2 Several CMFB members welcomed the proposal.

9.1.3 It was deemed important to have reliable data for euro area as a whole and that the methodology should allow consistency in the recordings in NA and BoP. There were some suggestions to improve the methodology with additional sources, including information on bank note shipments and debit/credit card information on ATM withdrawals. As regards liabilities, some Members proposed to take an approach based on additional economic considerations.

9.1.4 The opinions on the use of national estimation models were diverging mainly because of concerns about different levels of quality. It was noted that the methodology should also take account of the situation where all euro area countries would provide national estimates, the sum of which would not be plausible compared to the banknotes in circulation (within and outside the euro area).

9.1.5 It was suggested that the proposal should be presented to the BoP WG.

Conclusion

9.1.6 The CMFB thanked ECB DG-S for the presentation and the document. The CMFB generally supported the proposal and stressed importance of arriving at good estimates for the euro area amounts. It was suggested to supplement the simplified methodology with some specific additional data sources.

9.1.7 The CMFB took note of the concerns by some Members regarding the recording on the liabilities side and, furthermore, the potential differences between various national practices.

9.1.8 It was concluded that the proposal may need further reflection during the implementation phase, and ECB DG-S was requested to consider the issues raised.

10. INTERNATIONAL ACCOUNTING STANDARDS

10.1. Task Force on Accounting and Statistics – Progress report (Eurostat/ECB DG-S)

Presentation

- 10.1.1 Eurostat and ECB DG-S presented a progress report from the Task Force and a proposal for the way forward. The Task Force had been monitoring developments of new accounting standards and following Commission initiatives in the area of burden reduction, and simplification. Furthermore, Eurostat and ECB DG-S had launched - with the support of the Task Force - a project to develop a taxonomy for the reporting of IFRS (International Financial Reporting Standards) and IFRS for SMEs data by enterprises for statistical purposes. The initial work focused on STS and SBS, with the ECB project taking care of financial modules of the SBS and the Eurostat project taking care of non-financial modules of the SBS and STS and other statistical regulations containing financial variables.
- 10.1.2 As regards the way forward, it was proposed to continue the work of the Task Force especially on the usage of taxonomies, and to have a more focused approach on the reporting by non-financial corporations knowing that financial corporations will fall under the STC.

Discussion

- 10.1.3 The work of the Task Force was generally supported, and it was suggested to amend the mandate in terms of more concrete outcomes, such as presentations of best practices or workshops on practical issues. The Task Force should also promote the links between NCB and NSI statistics. ECB DG-S and Eurostat thanked for the support.

Conclusion

- 10.1.4 The CMFB thanked Eurostat and ECB DG-S for the progress report and generally appreciated the work carried out by the Task Force. There was a strong support for continuing the Task Force, and most comments pointed in the direction of a slightly lighter group.
- 10.1.5 Furthermore, it was noted that the driving forces behind the work of the Task Force were a reduction of the burden on respondents, an improvement of the quality of statistics, and an overall more efficient system for compiling statistics. Hence, the CMFB encouraged the Task Force to continue examining the relevant areas as proposed in the document, including communication to both the statistical side and the accounting side. Finally, the CMFB requested the Task Force to come back with more concrete proposals for their future work.

Deadline:	Recommendation or Action:	Responsible:
January 2010	Report on concrete proposals for future work to CMFB	TF AS

11. COORDINATION

11.1. "Memorandum of Understanding in the field of macroeconomic and financial statistics" between the Statistical Office, the Ministry of Finance, and the Bank of Slovenia (Statistical Office of Slovenia)

Presentation

11.1.1 Karmen Hren of the Slovenian Statistical Office presented the Memorandum of Understanding (MoU) between the Central Bank, the Ministry of Finance, and the Statistical Office in the field of macroeconomic and financial statistics. The MoU determines the division of responsibilities between the institutions regarding the compilation of the relevant statistics. Furthermore, arrangements relating to data exchange, publishing, and general coordination are defined. The MoU works very well and institutions that have signed up to the MoU are also committed to ensure that the common challenges are solved.

Discussion

11.1.2 There was a brief intervention about how the business register is updated.

Conclusion

11.1.3 The presentation was appreciated by CMFB members and the Chair encouraged other CMFB members to present their practices, as it is important to learn from each other.

12. ANY OTHER BUSINESS

12.1 The Chairman thanked Jorma Hilpinen, Reinhold Schwarzl, and Hans-Peter Glaab for their long-term membership of the CMFB and their many valuable contributions to the CMFB. He appreciated the constructive contributions by Reinhold Schwarzl and emphasised the successful Chairmanship of Hans-Peter Glaab 2007-08.

12.2 The Chairman thanked the participants, the interpreters, and Eurostat for the organisation and closed the meeting.

Next CMFB meetings are 28-29 January 2010, and 1-2 July 2010.

List of participants – CMFB Meeting on 2-3 July 2009

<i>Country</i>	<i>Delegate</i>	<i>Organisation</i>
BELGIQUE/BELGIË	Mr Roger DE BOECK	Banque Nationale de Belgique
	Mr Rudi ACX	Banque Nationale de Belgique
BULGARIA	Ms Gergana MIHAYLOVA	National Statistical Institute
	Mr Emil DIMITROV	Bulgarian National Bank
CESKA REPUBLIKA	Mr Jan HELLER	Czech Statistical Office
	Mr Petr VOJTISEK	Czech National Bank
DANMARK	Mr Ole BERNER	Danmarks Statistik
	Ms Kirsten WISMER	Danmarks Statistik
	Mr Tue M. MATHIASSEN	Danmarks
DEUTSCHLAND	Mr Hans-Peter GLAAB	Deutsche Bundesbank
	Mr Ulrich BURGTORF	Deutsche Bundesbank
	Mr Wolfgang STROHM	Statistisches Bundesamt
EESTI	Mr Jaanus KROON	Bank of Estonia
	Ms Ene KALDMA	Statistical Office of Estonia
ÉIRE/IRELAND	Mr Mick LUCEY	Central Statistical Office
	Ms Mary EVERETT	Central Bank and Financial Services Authority of Ireland
ELLADA	Mr Andreas KARAPAPPAS	Bank of Greece
	Mr Nicos KAMBEROGLU	Bank of Greece
ESPAÑA	Mr Eduardo RODRIGUEZ TENÉS	Banco de España
	Mr Alfredo CRISTOBAL	INE
FRANCE	Mr Fabrice LENGART	INSEE
	Mr Alain DUCHATEAU	Banque de France
	Mr Pierre SICSIC	Banque de France
ITALIA	Ms Alfonsina CARICCHIA	ISTAT
	Mr Marco MAGNANI	Banca d' Italia
	Mr Enrico D'ONOFRIO	Banca d'Italia
KYPROS	Mr Angelos KAPATAIS	Central Bank of Cyprus
	Mr George ZEITOUNTSIAN	Statistical Service of Cyprus

<i>Country</i>	<i>Delegate</i>	<i>Organisation</i>
LATVIJA	Mr Agris CAUNE	Bank of Latvia
	Ms Dace TOMASE	Central Statistical Bureau of Latvia
LIETUVA	Mr Jonas MARKELEVIČIUS	Statistics Lithuania
	Mr Rimantas VAICENAVICIUS	Bank of Lithuania
LUXEMBOURG	Mr Marc ORIGER	STATEC
	Mr Germain STAMMET	Banque centrale du Luxembourg
MAGYARORSZAG	Mr István BEDEKOVICS	Hungarian Central Statistical Office
	Ms Zsuzsanna SISAKNE FEKETE	National Bank of Hungary
MALTA	Mr Jesmund PULÉ	Central Bank of Malta
	Mr Joseph BONELLO	National Statistics Office
NEDERLAND	Mr Henk LUB	De Nederlandsche Bank
	Mr Peter VAN DE VEN	Statistics Netherlands
	Ms Sylvia KOK-DE VRIES	Statistics Netherlands
	Ms Melanie KOYMANS	Statistics Netherlands
NORWAY	Ms Anna RØMO	Statistics Norway
ÖSTERREICH	Mr. Michael ANDREASCH	Oesterreichische Nationalbank
	Mr Reinhold SCHWARZL	Statistik Austria
POLSKA	Mrs Zofia WNUK	Central Statistical Office
	Mrs Elżbieta BARTKOVSKA	National Bank of Poland
PORTUGAL	Mr Carlos COIMBRA	Instituto Nacional de Estatística
	Mr João CADETE DE MATOS	Banco de Portugal
	Ms Ana ALMEIDA	Banco de Portugal
ROMANIA	Ms Mihaela NUTA	Romanian National Institute of Statistics
	Mr Marian Laurentiu MUSTAREATA	National Bank of Romania
	Ms Ioana BURLA	Ministry of Public Finance
SLOVENIJA	Ms Karmen HREN	Statistical Office of the Republic of Slovenia
SLOVENSKA REPUBLIKA	Mr Frantisek BERNADIC	Slovak Statistical
SUOMI/FINLAND	Ms Helka JOKINEN	Bank of Finland
	Mr Jorma HILPINEN	Bank of Finland

<i>Country</i>	<i>Delegate</i>	<i>Organisation</i>
	Mr Ari TYRKKÖ	Statistics Finland
SVERIGE	Ms Monica NELSON EDBERG	Statistics Sweden
	Mr Gunnar BLOMBERG	Sveriges Riksbank
SWITZERLAND	Mr Philippe STAUFFER	Swiss Federal Statistical Office
UNITED KINGDOM	Mr Simon HUMPHRIES	Office for National Statistics
	Mr. Stephen SABINE	Bank of England
CROATIA	Mr Goran RAZUMIC	Central Bureau of Statistics
	Mr Igor JEMRIC	Croatian National Bank
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	Mr Gjorgji GOCKOV	National Bank of the Republic of Macedonia
TURKEY	Mr Fikret KARABUDAK	Central Bank
	Mr Mehmet AKTAS	TurkStat
ALBANIA	Ms Diana SHTYLLA	Bank of Albania
	Ms. Godiva REMBECCI	Bank of Albania
BOSNIA AND HERZEGOVINA	Ms Dijana MLIKOTA	BHAS-Agency for Statistics
MONTENEGRO	Ms. Mira RADUNOVIC	Central Bank of Montenegro
SERBIA	Mr Milan SOJIC	National Bank of Serbia
KOSOVO	Ms Xhevrie FETAHU	Statistical Office of Kosovo
	Mr Mentor GECI	Central Bank of Kosovo
EBC DG-S	Mr Werner BIER, Mr Tjeerd JELLEMA, Mr Francis GROSS, Mr Jean-Marc ISRAËL, Mr Reimund MINK,	
DG ECFIN	Mr. Mr. Jose Luis ROBLEDO FRAGA, Joao NOGUEIRA MARTINS, Ms. Alice ZOPPE	
EUROSTAT	Mrs Maria-Helena FIGUEIRA , Mr Gallo GUEYE, Mr Roberto BARCELLAN, Mr Luca ASCOLI, Ms Daniela COMINI, Mr Denis LEYTHIENNE, Mr Carsten OLSSON	

Committee on Monetary, Financial and Balance of Payments
Statistics

Plenary session
2-3 July 2009

Luxembourg
Jean Monnet Building, Room M6

Final Agenda (1 July 2009)

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 2 July 2009

PART A - ITEMS FOR DISCUSSION

- 1. OPENING**
- 2. ADOPTION OF THE AGENDA (CHAIRMAN)**
- 3. ORGANISATIONAL MATTERS**
 1. Organisational matters (Chairman)
- 4. Statistical consequences of turmoil in financial markets**
 1. ESS Action Plan – Progress report (Eurostat)
 2. ESCB initiatives in the context of the financial markets turmoil (ECB DG-S)
- 5. EXCESSIVE DEFICIT PROCEDURE**
 1. EDP activities – Progress report (Eurostat)
- 6. REVISION OF INTERNATIONAL STANDARDS**
 1. 2008 SNA - Progress report (Eurostat/ECB DG-S)
 2. Revision of ESA-95 – Progress report (Eurostat)
- 7. PUBLIC FINANCE STATISTICS**
 1. Pension entitlements in EU countries – Progress Report of the Contact Group on Pensions (ECB DG-S/Eurostat)
- 8. NATIONAL ACCOUNTS**
 1. Towards a common revision policy for National Accounts and Balance of Payments (Eurostat/ECB DG-S)
 2. Task Force on quarterly European accounts by institutional sector - Progress report (ECB DG-S/Eurostat)

3. Report from Task Force on Rest-of-the-World Account: Results of the BoP/RoW survey 2009 (Eurostat/ECB DG-S)

9. FINANCIAL ACCOUNTS

1. Attribution of banknotes within euro area members states (ECB DG-S)

10. INTERNATIONAL ACCOUNTING STANDARDS

1. Task Force on Accounting and Statistics – Progress report (Eurostat/ECB DG-S)

11. COORDINATION

1. "Memorandum of Understanding in the field of macroeconomic and financial statistics" between the Statistical Office, the Ministry of Finance, and the Bank of Slovenia (Statistical Office of Slovenia)

12. ANY OTHER BUSINESS

Meeting expected to end at 13:00 on 3 July 2009

PART B - POINTS FOR INFORMATION⁴

CMFB INTERNAL MATTERS

1. Main developments since the last CMFB meeting in February 2009, minutes of the Executive Body meetings held in Schiphol in January 2009, Luxembourg in February 2009, Lisbon in March 2009 and in Madrid in May 2009, list of the task forces reporting to the CMFB (CMFB Secretariat)

BALANCE OF PAYMENTS

2. Balance of Payments Committee – Progress report (Eurostat)
3. FATS related issues – Progress report (Eurostat)
4. Working Group on External Statistics – Progress report (ECB DG-S)
5. Regulation (EC) 2560/2001 defining a threshold for statistical reporting on cross-border payments and new legal framework on payment services – Progress report (Commission)

NATIONAL AND FINANCIAL ACCOUNTS

6. Financial Accounts Working Group - Progress report (Eurostat)
7. Working Group on Euro Area Accounts – Progress report (ECB DG-S)
8. NACE Rev. 2 implementation plans for National Accounts (Eurostat)
9. EU-KLEMS – progress report (Eurostat)

PUBLIC FINANCE STATISTICS

10. COFOG data – Progress report (Eurostat)

COORDINATION

11. EuroGroups Register – Progress report (Eurostat)

FOREIGN TRADE STATISTICS

12. Intrastat and Extrastat – Progress report (Eurostat)

STATISTICAL INFRASTRUCTURE

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

PRICES

14. HICP activities - Progress report (Eurostat)

⁴ The points for information will be discussed during the meeting only if a representative informs the CMFB secretariat two weeks before the meeting