

MAIN CONCLUSIONS AND LIST OF ACTIONS OF THE
CMFB MEETING HELD ON 7-8 JULY 2005
(FINAL – 2 AUGUST 2005)

1. Opening of the meeting

- 1.1 The Chairman opened the meeting and welcomed the participants, particularly those who were attending a CMFB meeting for the first time.
- 1.2 Interpretation was available in English, French, German, Italian, Portuguese and Spanish.

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 27-28 January 2005. The minutes of the CMFB Executive Body meetings of London (21-22 April 2005) and Madrid (2-3 June 2005) had been transmitted to the Committee. A log of the main CMFB activities since the January 2005 CMFB meeting (document B.1.a) had also been made available to the Committee.

3. Excessive deficit procedure

3.1 *Recent developments (Eurostat)*

- 3.1.1 Mr Hanreich presented the recent developments on EDP issues, especially the three lines of action adopted to improve governance of fiscal statistics as outlined in the Communication of the Commission to the Council and the European Parliament COM (2004) 832 final of 22 December 2004 "Towards a European governance strategy for fiscal statistics". These lines of action include completing and strengthening the legal framework through an Amendment to Council Regulation 3605/93, improving the operational capacities of Eurostat, and setting up minimum standards that will reinforce the independence, integrity and accountability of statistical authorities at both the national and European levels.
- 3.1.2 Concerning the draft Regulation amending Council Regulation 3605/93, the conclusions from the Ecofin Council of 7 June 2005 were taken into account (particularly on in-depth monitoring visits now renamed methodological visits and prior communication by Eurostat of its envisaged reservations three working days in advance). The Council also concluded that the Economic and Financial Committee should evaluate the role, areas of competence and functioning of the CMFB as well as its interaction with Eurostat including the communication policy of eventual Eurostat decisions, and report to the Ecofin Council by the end of 2005. In addition, the European Parliament expressed its opinion on the Regulation on 23 June 2005. A large number of their amendments were already reflected in the draft Compromise text of the Luxembourg Presidency. Therefore, Eurostat urged Member States to help speed up the adoption of the draft Regulation. Mr Hanreich considered that the CMFB had worked well so far. Being chaired by a representative from a Member State and not the Commission had been an important factor for its independence. He reiterated Eurostat's appreciation of the support provided by the CMFB and stated that Eurostat had already conveyed this message to the EFC and the EFC Sub-committee on Statistics (EFC SCS). He suggested that CMFB Members should also explain these features to their EFC representatives.
- 3.1.3 Eurostat's EDP capacities were reinforced through the creation of a new "Validation of economic and public accounts" unit with staff coming from internal redeployments within Eurostat and extra staff granted by the Commission.
- 3.1.4 The Commission adopted on 25 May 2005 a Communication to the European Parliament and to the Council (COM 2005 217 final) together with a Commission Recommendation on the independence, integrity and accountability of the national and Community statistical authorities. The documents spell out the Commission's proposals on reinforcing the governance of the European statistical system as well as principles for the setting of statistical priorities. The Communication and the Recommendation aim notably at promoting the *Code of Practice* (a self-regulatory instrument unanimously adopted by the Statistical Programme Committee on 24 February 2005) and its implementation by Eurostat and national statistical authorities. In this context, a high level advisory body will be set up. The monitoring of the implementation of the Code will be based on a gradual approach combining self-assessments and peer reviews. After three years, the Commission will report to the European Parliament and the Council on the implementation of the Code by the Member States and by Eurostat.
- 3.1.5 The CMFB took note of these developments, welcoming the reinforcement of Eurostat's EDP capacities. The Chairman indicated that the CMFB Executive Body was ready to co-operate with Eurostat on the report that the Commission will prepare for the EFC on the evaluation of the CMFB. The Chairman further stated that the Executive Body was ready to engage with the EFC and the EFC SCS to provide any information needed and to participate in any required discussions. This would be communicated to the Chair of the EFC Sub-Committee on Statistics in the CMFB Chairman's regular report. The CMFB recognised the need to be proactive on this issue. The Committee considered it very important that its Members should inform their EFC and EFC SCS representatives about the functioning and merits of the CMFB.

Deadline:	Recommendation or Action:	Responsible:
As soon as possible	Inform national representatives in the EFC and the EFC SCS about the functioning and merits of the CMFB	CMFB Members

3. Excessive deficit procedure		
3.2 Draft Amended Regulation 3605/93 – Implementation aspects (Eurostat)		
3.2.1 Eurostat presented a paper on the envisaged administrative arrangements for the implementation of the draft Regulation amending Council Regulation 3605/93. The paper had already incorporated comments from the EFC. Eurostat indicated that dialogue visits would be made regularly to Member States while methodological visits would be undertaken only where substantial risks or potential problems about concepts, methods or classification were identified.		
3.2.2 A number of CMFB Members requested more details about dialogue visits and about the distinction between dialogue and methodological visits. They considered it necessary to state more clearly that appointing the national representatives to meet Eurostat during the visits is the responsibility of Member States. They stressed that Eurostat should have sufficient own staff involved in these visits so that the burden put on Member States is not too heavy given their limited resources. Further clarification was also requested about the financing by Eurostat of national experts participating in the visits. The ECB's DG Statistics indicated its readiness to participate in both dialogue and methodological visits where deemed useful, but did not consider it necessary to mention their participation in the Regulation. Yet, it might be mentioned in the paper on the implementation aspects.		
3.2.3 The CMFB took note of the implementation aspects presented, suggesting that the document should be further elaborated taking into account comments from CMFB Members. The CMFB welcomed Eurostat's intention to produce a revised paper clarifying the various issues mentioned in paragraph 3.2.2 and to circulate it to the CMFB.		
Deadline:	Recommendation or Action:	Responsible:
<i>As soon as possible</i>	<i>Prepare a revised paper on implementation aspects of the draft Amended Council Regulation 3605/93 and circulate it to the CMFB</i>	<i>Eurostat</i>

3. Excessive deficit procedure		
3.3 Progress in updating the ESA95 Manual on Government Deficit and Debt (Eurostat)		
3.3.1 Following an EDP consultation, the CMFB gave its opinions on two Italian cases (ISPA and SCIP) in May 2005. Eurostat took decisions and published a press release on 23 May 2005.		
3.3.2 The CMFB Executive Body discussed the questionnaire and background note on military expenditure prepared by the Task Force. The CMFB consultation step on this topic is planned for October 2005. The Task Force on government guarantees will meet again in October 2005. It is expected that the draft consultation documents will be finalised by the CMFB Executive Body in December 2005 so that a consultation can be launched shortly afterwards, provided that it is known beforehand that any implementation issues can be solved. In that case, it is planned that decisions on both issues will be implemented starting from the first EDP notification of 2006.		
3.3.3 At the Executive Body meeting on 6 July 2005, the Chairman with the assistance of the Executive Body agreed that a quick consultation would be conducted on the International Financial Facility for the Immunisation Fund (IFFIM). The Chairman presented, to the CMFB, the envisaged calendar for this quick consultation. A CMFB opinion on the treatment of IFFIM is expected by end July and Eurostat's decision in early August 2005.		
3.3.4 The CMFB took note of these developments. The CMFB suggested that Eurostat should speed up progress on updating the ESA 95 Manual on Government Deficit and Debt and should put an updated electronic version of the Manual including Eurostat press releases on Eurostat's website.		
Deadline:	Recommendation or Action:	Responsible:
<i>As soon as possible</i>	<i>Put an updated complete electronic version of the ESA95 Manual on Government Deficit and Debt including Eurostat press releases on Eurostat's website</i>	<i>Eurostat</i>
<i>As soon as possible</i>	<i>Set up a link on the CMFB website to this updated electronic version of the ESA95 Manual on Government Deficit</i>	<i>CMFB Secretariat</i>

3. Excessive deficit procedure

3.4 EDP inventories: availability and assessment (Eurostat)

3.4.1 Eurostat stressed that the availability of inventories of sources and methods used by Member States to compile government accounts and EDP data would greatly improve the quality assessment of general government data and the efficiency of EDP missions. After receiving the First Step of the EDP Inventory of Sources and Methods, Eurostat sent a questionnaire for the Second Step (i.e. the sources and methods for the sub-sectors and the delimitation of general government) to Member States on 20 December 2004. The deadline for returning the completed questionnaires is July 2005. Eurostat indicated that the Member States that had not yet transmitted the Second Step should make every effort to do so by the deadline of July 2005. Some Member States indicated that they would have difficulties meeting the July 2005 deadline but promised to send their completed questionnaires shortly afterwards.

3.4.2 The CMFB urged the various Member States to do their utmost to transmit their Second Step as soon as possible. The CMFB also suggested that Eurostat should provide, as soon as possible, an assessment of the inventories received in order to identify missing information and to develop an exchange of good practices. This assessment and the proposals from it may then be discussed in the next CMFB meeting.

Deadline:	Recommendation or Action:	Responsible:
July 2005	Transmit the Second Step of the EDP Inventory of Sources and Methods to Eurostat	Member States
As soon as possible	Provide an assessment of the inventories received	Eurostat

4. Public finance statistics

4.1 Statistical implications of the reform of the Stability and Growth Pact (DG ECFIN)

4.1.1 Mr Nogueira Martins (Directorate ECFIN-B: Economies of the Member States) reported on the statistical implications of the reform of the Stability and Growth Pact (SGP). He indicated that there were no changes to the definitions of the Maastricht deficit and debt criteria. This had been explicitly rejected by the Ecofin Council. However, in assessing the situation of the various countries, there would be more economic judgement taking into account the specific circumstances of the countries. This would necessitate Member States making available a more comprehensive set of public finance statistics than is currently the case. In particular, government expenditure at two-digit COFOG level and comprehensive data on pension liabilities would be very important. Mr Nogueira Martins indicated that the Council had adopted, on 27 June 2005, the Regulations amending the two Regulations on the SGP (1466/97 and 1467/97), in which suggestions provided by the CMFB Executive Body were taken into account. The new Regulations were published in the Official Journal on 7 July 2005.

4.1.2 The CMFB noted that a wider range of elements would now be considered when assessing the situation of a country with regard to the excessive deficit procedure of the SGP. The CMFB welcomed the fact that the importance of statistics in the SGP was confirmed.

4. Public finance statistics		
4.2 State of play on the database project (Eurostat)		
4.2.1 Eurostat reported progress on its database project on public finance statistics. The project aims at setting up a unified database that collates all public finance statistics required under the various EU legal acts. This will reinforce EDP and other surveillance work by enabling cross-checks and consistency controls between the various sets of data to be made. The database will also be used to improve data in the NewCronos database and to present government finance statistics (GFS) in Eurostat's website in a more user-friendly way. Full co-operation from Member States will be required on this project, particularly in terms of data transmission. Some data transmitted by National Central Banks to the ECB would also need to be shared.		
4.2.2 It was suggested to target one transmission of data (by NSIs to Eurostat and by NCBs to the ECB) at one point in time and to work on the consistency of net lending/net borrowing between non-financial and financial accounts. In addition, close co-operation should be developed between Eurostat and the ECB's DG-S in order to set up and maintain this database efficiently.		
4.2.3 The CMFB reiterated its support for the project, welcoming the fact that government finance statistics will be made available to users on a consistent basis. The CMFB asked Eurostat to take account of the comments from CMFB Members. The ECB's DG-S indicated that, without prejudice to the agreement by the ECB's Statistics Committee (STC) and the Working Group on GFS, they were ready to share the information in their possession in order to avoid duplication of efforts. The CMFB welcomed any measures that would be taken to increase efficiency.		
Deadline:	Recommendation or Action:	Responsible:
<i>As soon as possible</i>	<i>Take account of CMFB Members' comments in paragraph 4.2.2</i>	<i>Eurostat</i>
<i>After agreement by the STC and the WGGFS</i>	<i>Contribute the relevant data in their possession to the database</i>	<i>ECB's DG-S</i>

4. Public finance statistics		
4.3 COFOG data - Progress report (Eurostat)		
4.3.1 Eurostat reported the results from the first meeting of the Task Force on COFOG on 20/21 June 2005. Eurostat indicated that the CMFB should give particular attention to the work on COFOG data as these data were requested by the Economic Policy Committee and were also needed under the reformed SGP.		
4.3.2 It was suggested that the work should be focused primarily on quality issues while paying also attention to timeliness aspects.		
4.3.3 The CMFB generally supported the COFOG project, stressing that the data requirements should be further specified in consultation with the users in order to concentrate efforts on the most important areas and limit the costs involved. The CMFB also considered that special attention should be paid to quality aspects.		

5. Quarterly Sector Accounts

5.1 *Joint ECB's DG-S/Eurostat Task Force on quarterly European accounts by institutional sectors – A progress report and several issues including reports on consistency between national BoP and RoW accounts (ECB's DG-S/Eurostat)*

- 5.1.1 Eurostat and the ECB's DG-S reported progress about the work of the Task Force on QSA (TF-QSA) including the draft Regulation and several priority issues.
- 5.1.2 The draft Regulation on QSA was jointly signed by the Council and the European Parliament on 6 July 2005. It is expected that the Regulation will be published in the Official Journal by end August 2005.
- 5.1.3 The Task Force met on 14 and 15 March 2005 and made progress on several aspects aimed at preparing the implementation of the QSA Regulation and the compilation of QSA for the EU/ euro area. These include in particular the consistency between national BoP and RoW accounts; the 2004 survey of Member States' sources and methods related to annual sector accounts; methodologies for compiling sector accounts including the treatment of asymmetries; the compilation of annual sector accounts for the euro area and EU-25 (including EU institutions); the estimation of quarterly accounts of EU institutions; and transmission procedures.
- 5.1.4 The consistency of BoP and RoW accounts at a national level is important for compiling consistent European aggregates. In June 2004, the CMFB noted that discrepancies between Member States annual BoP and RoW accounts are large in some cases, which may lead to discrepancies in euro area and EU non-financial accounts. The results of the 2004 survey on BoP/RoW differences were examined in detail by the TF-QSA and were also discussed in the Balance of Payments Working Group, the Working Group on External Statistics and the National Accounts Working Group (NAWG). It was confirmed that the main differences were related to trade in goods and services; interest income and distributed income of corporations and retained earnings; and other current transfers. A number of differences are common to several Member States, and are either methodological (reflecting a different treatment in BoP and RoW for construction services, retained reinvested income of mutual funds, acquisition of non-produced non-financial assets and FISIM) or result from the various practices in Member States, (e.g. reclassifications or adjustments regarding trade in goods and services based on Intrastat, the use of government data for current transfers, the treatment of some large transactions, or differing revision practices between national accounts and BoP). Other differences are country-specific. The CMFB recommended that Member States should pursue actively work on reducing the discrepancies. Until the discrepancies are sufficiently reduced, Eurostat and the ECB's DG-S need to make adjustments when compiling EU and euro area accounts, using notably information on national BoP/RoW differences.
- 5.1.5 The 2004 survey of Member States' sources and methods aimed in particular at identifying specific features in national compilation processes in order to construct, if possible, reliability weights in the balancing of sector accounts at European level. How best to use the data from this survey (and from the BoP/RoW survey) to make balancing adjustments to euro area and EU annual sector accounts will be further examined in the TF-QSA.

- 5.1.6 Concerning methodologies for annual sector accounts, Eurostat had compiled estimates of annual non-financial sector accounts for a group of four new Member States that do not yet compile or transmit these accounts (Hungary, Slovenia, Cyprus and Malta), for the purpose of inclusion in European aggregates. A similar methodology has been developed, by the ECB's DG-S, for some euro area countries, namely Ireland and Luxembourg. It is expected that Member States receiving Eurostat grants for QSA projects will shortly provide additional quarterly data. The experience gained on annual methodologies will be used for the development of quarterly methodologies.
- 5.1.7 Annual sector accounts for the euro area and EU 25, and for EU institutions for the period 1999-2003 had been compiled. These annual sector accounts will be presented to the TF-QSA in October 2005. Eurostat had also compiled a first set of quarterly sector accounts for the EU institutions (except the ECB) for the year 2003, using mainly data from the quarterly BoP of EU institutions. Data for the ECB are compiled at the ECB and will be incorporated soon. Issues related to the compilation of quarterly sector accounts for EU institutions will be discussed in more detail in the TF-QSA in October 2005.
- 5.1.8 As regards data transmission Eurostat invited Member States to ensure a timely and good quality transmission of their annual data as soon as they are released nationally and in December 2005 at the latest. Moreover the TF-QSA had approved the text and structure of the transmission questionnaire for quarterly data following a written consultation of Member States by Eurostat. The questionnaire and the transmission mechanisms will be tested at Eurostat and in the Member States in autumn 2005.
- 5.1.9 Eurostat and the ECB's DG-S had set up more formal planning procedures in order to ensure that all aspects of the QSA project are foreseen, resourced and implemented (see point 5.2 below). The TF-QSA is planned to be extended to all Member States in order to further support the sharing of experience and a sound implementation of the Regulation.
- 5.1.10 The TF will support the institutions in making decisions about the methodologies for annual accounts in autumn 2005. It will participate in pilot exercises for quarterly transmissions (using GESMESTS) in view of the January 2006 deadline for quarterly sector accounts and provide advice on data processing and quality issues thereafter. It will continue work on different balancing approaches. As mentioned above, the TF will analyse how information from the surveys of BoP/RoW differences and of national sources and methods can be best used to refine adjustments to euro area and EU sector accounts.
- 5.1.11 The CMFB commented favourably on the work of the TF and welcomed the progress made. They supported the proposed future work programme, also agreeing to revive the Task Force on the RoW account to support work on further reconciliation of BoP and RoW at national level. The CMFB suggested that inconsistencies identified at European level should be dealt with at that level, but stressed that an appropriate communication should be addressed to users in the case of differences between European aggregates and the sum of Member States' data. Quality issues, particularly those related to quarterly government data, should be properly addressed before publication. Moreover efforts towards more consistency between the various statistical manuals should be pursued.

Deadline:	Recommendation or Action:	Responsible:
<i>As soon as possible</i>	<i>Pursue actively work on reducing the BoP/RoW discrepancies at national level</i>	<i>Member States</i>
<i>As soon as possible</i>	<i>Pursue actively work on reducing the discrepancies between financial and non-financial sector accounts at national level</i>	<i>Member States</i>
<i>As soon as possible</i>	<i>Examine how best to use the surveys on differences between Member States' annual BoP and RoW accounts and on Member States' sources and methods for compiling annual sector accounts to refine adjustments to euro area and EU sector accounts</i>	<i>TF-QSA</i>
<i>October 2005</i>	<i>Present the annual sector accounts for the euro area and EU 25 including EU institutions for the period 1999-2003 at the meeting of the TF-QSA in October 2005</i>	<i>Eurostat/ECB's DG-S</i>
<i>October 2005</i>	<i>Discuss issues related to the compilation of quarterly sector accounts for EU institutions in the TF-QSA meeting of October 2005.</i>	<i>TF-QSA</i>
<i>December 2005</i>	<i>Transmit timely and good quality annual data to Eurostat as soon as they are released nationally and in December 2005 at the latest</i>	<i>Member States</i>

<i>As soon as possible in autumn 2005</i>	<i>Test the questionnaire on quarterly data and the transmission mechanisms (using GESMES/TS) in view of the January 2006 deadline</i>	<i>Eurostat Member States</i>
<i>As soon as possible</i>	<i>Work out an appropriate communication policy towards users on differences between European aggregates and the sum of Member State's figures</i>	<i>Eurostat/ECB's DG-S</i>

<p>5. Quarterly Sector Accounts</p> <p>5.2 Work plan for compiling annual and quarterly European sector accounts including practical preparatory steps (Eurostat/ECB's DG-S)</p> <p>5.2.1 The ECB's DG-S and Eurostat had agreed to apply more formal planning procedures for the QSA project. They presented the main features of their planning process. A group of senior managers and experts from Eurostat and the ECB's DG-S was set up with the responsibility of overseeing the planning process and making key decisions on the way in which European sector accounts will be compiled and published. Annual sector accounts for the years up to 2004 inclusive will be published for the first time in April 2006. Decisions on the parameters for the compilation of the April 2006 release will be made in autumn 2005. Quarterly sector accounts for the euro area and EU25 will be published for the first time in May 2007. The parameters for the May 2007 release will be fixed not later than autumn 2006. It is planned that quarterly sector accounts will be published in January, April, July and October for the last but one previous quarter. The senior group has yet to make decisions on detailed presentational and publication aspects. Eurostat and the ECB's DG-S considered it essential that Member States should deliver timely and accurate quarterly data at T+95 days, and timely and accurate annual data as soon as possible and at T+12 months at the latest.</p> <p>5.2.2 The senior group considered that consistency in European macro-economic accounts was of major importance. This covers mainly consistency between BoP and RoW accounts; between financial and non-financial sector accounts; and between the non-financial sector accounts and the main aggregates (including GDP). The senior group will continue to address these issues with the cooperation of the TF-QSA and the Member States.</p> <p>5.2.3 The CMFB took note of the institutions' decision to use more formal planning procedures. The CMFB underlined the need for close cooperation between Eurostat, the ECB's DG-S and Member States, considering it important to involve the NAWG, the FAWG and the WG MUFA in the process. Some CMFB Members indicated that the timetable was too ambitious given the quality issues still to be addressed.</p> <p>5.2.4 Eurostat indicated that the NAWG was invited, at their meeting on 27-28 June 2005, to state their views on issues related to data requirements for the compilation of quarterly non-financial accounts of financial corporations (S12) in the context of the QSA Regulation. Several countries saw the need for additional source data. The majority, however, was against covering these data requirements via the ECB's MFI and OFI regulations.</p>
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6. National and Financial Accounts

6.1 Co-ordination of the implementation of the NACE revision

6.1.1 Eurostat reported progress on discussions related to the implementation of the revised NACE (NACE Rev.2) in national accounts. Following the agreement in principle, at the May 2005 SPC meeting, about a co-ordinated implementation of NACE Rev.2, a paper on this topic was presented at the meetings of the National Accounts Working Group on 27-28 June and of the Directors of National Accounts on 6 July 2005. The main aspects discussed covered a co-ordinated timetable for the implementation of NACE Rev.2 in the various countries and in the various statistical domains; the possible link with the revision of ESA 95; and back series.

6.1.2 The CMFB welcomed Eurostat’s advance planning of the implementation of NACE Rev.2 in statistical sources and in national accounts. The CMFB stressed again the need that NACE Rev.2 should be implemented at the same time in all Member States, considering that a common month and year should be agreed before the January 2006 CMFB meeting. For that purpose, CMFB Members were invited to pursue actively discussions at national level. Likewise Eurostat will continue discussions in the working groups concerned. Moreover, the CMFB saw advantages in separating the revisions of NACE and ESA 95, given the difficulties and potential risks of delays related to the co-ordination of the revision of SNA 93 at world level. Finally, the CMFB considered that ways of compiling the longest possible back series should be sought in order to meet user requirements. Eurostat would welcome more information on national implementation timetables for the November 2005 SPC meeting.

Deadline:	Recommendation or Action:	Responsible:
<i>As soon as possible</i>	<i>Pursue discussions at national level with a view to agreeing a common date for the implementation of NACE Rev.2</i>	<i>Member States</i>
<i>As soon as possible</i>	<i>Pursue discussions in the working groups concerned with a view to agreeing a common date for the implementation of NACE Rev.2</i>	<i>Eurostat</i>

7. Revision of SNA 93 and BPM 5

7.1 Progress report (ECB’s DG-S/Eurostat)

7.1.1 Eurostat and the ECB’s DG-S presented progress reports on the revision of SNA 93, BPM 5 and the IMF Manual on Government Finance Statistics (GFSM 2001) and informed about future meetings of the various groups concerned. Generally, work was progressing well.

7.1.2 A number of CMFB Members stressed that the changes to be made should be capable of being measured in order to safeguard comparability. In addition, users should be involved at an early stage so that they are prepared for changes in statistical data. Finally, the changes to be made should ensure that the systems will be stable over a long period of time.

7.1.3 The CMFB took note of, and thanked Eurostat and the ECB’s DG-S for the information provided. The CMFB stressed again the importance of the revision and the need to ensure consistency between SNA, BPM and GFS. The CMFB also emphasised that implementation issues and the stability of the systems were particularly important aspects. It also urged further careful consideration of the implications of certain proposals, especially that on government owned SPEs.

7. Revision of SNA 93 and BPM 5

7.2 Unfunded employer and social security pension schemes (Eurostat/ ECB's DG-S)

7.2.1 Further to the request from the January 2005 CMFB meeting, the ECB's DG-S and the Bank of England presented two options for the treatment of unfunded employer and social security pension schemes in the revised SNA 93. Under the first option (put forward by the IMF's EDG on pensions), these pension schemes are recorded as liabilities in the core national accounts. Under the second option (also outlined in the various papers presented to the Eurostat Task Force on the SNA review), these pension schemes are included in a separate set of supplementary accounts outside the core national accounts. The recommended treatment (the second option) had already been preferred by a large majority of delegations in the Financial Accounts Working Group (FAWG) and unanimously by the STC.

7.2.2 The CMFB agreed with the recommended recording of unfunded employer and social security pension schemes in a separate set of supplementary accounts. DG ECFIN also supported this solution. Moreover, the CMFB recommended that Eurostat and the ECB's DG-S should put forward this solution as the common European position at the September 2005 meeting of the IMF Task Force on pensions. Finally, the CMFB suggested that work aimed at making estimates of the pension amounts should be started as soon as possible in order to facilitate a harmonised implementation of the agreed solution. For that purpose, Eurostat and the ECB's DG-S should liaise with the Task Force on Ageing of the Economic Policy Committee, which is already working out model estimates on pensions. It was stressed that the supplementary accounts should be mandatory and should ensure comparability between countries.

7.2.3 The OECD did not support this solution, pointing to the potential risks of divergence between the European position and the new SNA.

Deadline:	Recommendation or Action:	Responsible:
<i>September 2005</i>	<i>Put forward the common European position at the September 2005 meeting of the IMF Task Force on pensions</i>	<i>Eurostat/ECB's DG-S</i>
<i>As soon as possible</i>	<i>Liaise with the Task Force on Ageing of the Economic Policy Committee and start work on estimating unfunded pension amounts</i>	<i>Eurostat/ECB's DG-S</i>

7. Revision of SNA 93 and BPM 5

7.3 Defining institutional units and special purpose entities.

7.3.1 The ECB's DG-S presented their paper on Special Purpose Entities (SPEs), indicating that the paper had already been discussed in the STC and the FAWG. Given that issues related to the borderline between institutional units and ancillaries and the classification of SPEs were addressed in a number of different groups, the paper aimed at ensuring consistency in the various approaches. Notably the document proposed criteria for distinguishing between institutional units and ancillaries and for the residency, sector and sub-sector classification of SPEs.

7.3.2 Several CMFB Members supported, notably for practical reasons, using the availability of a separate set of accounts and being subject to income tax as criteria for defining an institutional unit and identifying the country of residence. Moreover, it was suggested that, given possible consequences on government deficit and debt, the issue of SPEs abroad owned by government should be discussed before the SNA 93 review is completed. Ensuring symmetrical solutions for resident and non-resident entities was also considered as important. Finally, the difficulties of obtaining some data abroad should be taken into account.

7.3.3 The CMFB took note of the proposals made by the ECB's DG-S, considering that further work was needed, particularly on government owned SPEs, multi-territory enterprises and resident/non-resident sectorisation. The CMFB also recommended that the paper should be discussed in the NAWG.

Deadline:	Recommendation or Action:	Responsible:
<i>As soon as possible</i>	<i>Discuss the paper of the ECB's DG-S on SPEs in the NAWG</i>	<i>ECB's DG-S Eurostat</i>

8. EU/EMU Short-Term Statistics

8.1 *Revision, estimation and dissemination policies for Principal European Economic Indicators (Eurostat)*

- 8.1.1 Eurostat informed the CMFB about the main issues discussed at the FROCH Group meeting on 23 June 2005, notably release, estimation and dissemination policies for Principal European Economic Indicators (PEEIs).
- 8.1.2 With respect to a release policy, the efforts co-ordinated by the Group have led to harmonised release calendars at European level and in the larger euro area countries being proposed for 2006 on GDP flash estimates and first GDP release with more breakdowns. In addition, the Group supported advancing the release of actual HICP by one day in 2006 and 2007. Concerning the Industrial Production Index, a common target release date at t+38 was proposed. Furthermore, the Group planned to discuss, at their next meeting in November 2005, proposals from Eurostat on guidelines for news releases.
- 8.1.3 The Group supported Eurostat's approach to launch a call for proposal on flash estimation addressed to NSIs, covering notably quarterly employment and the Industrial Production Index.
- 8.1.4 Concerning dissemination, The Task Force on a Common Dissemination Platform (renamed SODI – SDMX Open Data Interchange), which comprises Germany, France, Netherlands, Sweden and United Kingdom, with the ECB and the OECD as observers, had prepared an issue report based on the tests that had been achieved. Following discussion, the Group requested that a paper on governance aspects related to SODI should be presented at their next meeting.
- 8.1.5 The Group also discussed issues related to a quality monitoring system for PEEIs.
- 8.1.6 The CMFB welcomed the progress made on PEEI improvement work, supporting the approaches to release co-ordination and dissemination. The ECB's DG-S indicated that particularly further progress on services statistics and a possible extension of European sampling approaches would be welcome.

9. Review of Regulation 2533/98

9.1 Protection of data in the ESCB (ECB's DG-S)

9.1.1 The ECB's DG-S presented the measures for protecting data in the European System of Central Banks (ESCB), indicating that these confidentiality measures are analogous to those existing in the European Statistical System (ESS). In this context, the ECB's DG-S recalled the decision of the ECB Governing Council, published on 22 April 2005, that "confidential statistical data which the ESCB receives from national statistical institutes or from the Statistical Office of the European Communities (Eurostat) will only be used for statistical purposes"¹.

9.1.2 The ECB's DG-S recalled the previous statement of the CMFB: "the CMFB considered it very important to achieve further progress towards a greater exchange of confidential data in order to improve the quality of national and European aggregates. The CMFB asked Eurostat to look into the possibility of setting up a coherent legal framework in the medium term, while pursuing progress in the "sectoral approach" (for each relevant Regulation) in the short term". In the short term and in line with the "sectoral approach" proposed earlier by Eurostat, the ECB's DG-S would like to obtain access for all institutions involved in the future European business register. For that purpose, the ECB's DG-S requested that the CMFB Chairman should send a letter, to the Presidency of the Council Working Party on Statistics, asking for a corresponding amendment to the draft Regulation on business registers (COM(2005)112 final). A draft of the proposed letter was circulated to the CMFB for consideration.

9.1.3 Eurostat supported a greater exchange of confidential data in order to improve quality and efficiency while limiting the burden on respondents, and welcomed the decision of the ECB's Governing Council. Eurostat considered that the exchange of confidential data would be easier to achieve at European level between Eurostat and the ECB's DG-S, advocating a more cautious approach concerning national institutions, given the differences between countries. Eurostat will present a strategic paper about the revision of Regulation 322/97 including confidentiality issues at the September 2005 meeting of the SPC Partnership Group. Discussions will then be continued at the meetings of the SPC in November and of the Statistical Confidentiality Committee in December 2005. This will make it possible to present more specific proposals at the January 2006 CMFB meeting.

9.1.4 The CMFB welcomed the paper on the protection of confidential data in the ESCB. They supported similar confidentiality regimes in the ESCB and the ESS. The CMFB agreed that the Chairman would send the envisaged letter to the Presidency of the Council Party Group on Statistics. The Chairman invited CMFB Members to send quickly any further comments on the draft letter to the CMFB Secretariat.

Deadline:	Recommendation or Action:	Responsible:
<i>As soon as possible</i>	<i>Send a letter on the business register draft Regulation to the Presidency of the Council Working Party on Statistics</i>	<i>Chairman CMFB Secretariat</i>

¹ See: <http://www.ecb.int/press/govcdec/otherdec/2005/html/gc050422.en.html>

9. Review of Regulation 2533/98

9.2 Insurance corporations and pension funds

9.2.1 The ECB's DG-S presented the case for improvements in the financial statistics on Insurance Corporations and Pension Funds (ICPF). In view of the increasing role of ICPFs in financial markets and the economy as a whole (notably due to ageing and pension reforms), the data requirements for policy analysis have increased over the past few years. The data currently available at the euro area level – a reduced set of financial accounts data – do not meet user requirements. In effect, the existing financial data on ICPFs are incomplete, not harmonised, late and often at a low frequency (annual instead of quarterly). The ECB's DG-S proposed taking the opportunity of the review of Council Regulation 2533/98 to enable the collection of the required financial data for ICPFs. While proposing to investigate carefully the scope for making use of supervisory data, the ECB's DG-S pleaded that the opportunity should not be missed, given that Council Regulation 2533/98 will not be revised frequently. At the same time, it stressed that an amendment in the Council Regulation would not imply any automatic collection of new data which would in any case have to be justified in detail in the context of the ESCB's merits and costs procedure.

9.2.2 CMFB Members' views were split about which institutions were best placed for collecting the harmonised data needed (the ESCB, the ESS or supervisory bodies), the best approaches to be used and whether changes to Regulation 2533/98 should be made now. A number of CMFB Members supported examining the possibilities offered by supervisory bodies as the first option, taking into account the need to minimise response burden. Others were in favour of a legal basis for a mandatory collection of harmonised statistical data by the ESCB. Some considered that flexibility was needed so that Member States could use the most efficient ways at national level, given their specificities.

9.2.3 Eurostat would discuss the issue shortly with the Business Statistics Directors in order to gather their views and then inform the CMFB.

9.2.4 The CMFB agreed that the current situation of quarterly financial data on ICPFs was not satisfactory. They took the view that further work was needed and that legal changes were premature. Notably the possibilities offered by supervisory bodies should be further explored, based on a specific analysis of the data requirements (in terms of detail, frequency, counterparty information, etc). The topic needs also to be discussed by Eurostat's Business Statistics Directors Group. Moreover the possibility of a flexible approach should be taken into consideration so that the various countries could apply the most effective solutions at national level. Finally, the CMFB agreed that a joint Eurostat/ECB's DG-S task force would be set up to define the way forward for initiating improvements in the financial data situation of ICPFs.

Deadline:	Recommendation or Action:	Responsible:
<i>As soon as possible</i>	<i>Examine the possibilities offered by supervisory bodies, based on a specific analysis of the data requirements</i>	<i>ECB's DG-S</i>
<i>As soon as possible</i>	<i>Discuss the topic in Eurostat's Business Statistics Directors Group and inform the CMFB about the results</i>	<i>Eurostat</i>
<i>As soon as possible</i>	<i>Set up a joint Eurostat/ECB's DG-S task force to address the issue</i>	<i>Eurostat/ECB's DG-S</i>

10. Any other business

10.1 As this was the last CMFB meeting for Mr Bart Meganck, the Chairman and the CMFB thanked him for his invaluable contribution to the activities of the Committee over many years. Mr Keuning also expressed, on behalf of the ECB's DG-S and the STC, his gratitude to Mr Meganck for his very important achievements.

10.2 Since the agenda was completed, the Chairman thanked the participants and the interpreters and closed the meeting. The next CMFB meetings are scheduled for 26-27 January and 29-30 June 2006.

CMFB 7-8 July 2005 – LIST OF PARTICIPANTS

Luxembourg - Jean Monnet Building (Room M6)

BELGIUM	Mr Rudi ACX Mr Roger DE BOECK Mr Jean-Jacques VANHAELEN	Banque Nationale de Belgique Banque Nationale de Belgique Banque Nationale de Belgique
CZECH REPUBLIC	Mr Jan HELLER Mr Petr VOJTISEK	Czech Statistical Office Czech National Bank
DENMARK	Mr Poul UFFE DAM Mr Bent CHRISTIANSEN Mr Tue MOLLERUP MATHIASSEN	Danmarks Statistik Danmarks Nationalbank Danmarks Nationalbank
GERMANY	Dr. Hans-Peter GLAAB Mr Wolfgang STROHM	Deutsche Bundesbank Statistisches Bundesamt
ESTONIA	Mr Jaanus KROON Ms Ene KALDMA	Bank of Estonia Statistical Office of Estonia
GREECE	Mr Nikolaos STROBLOS Mr George SIMIGIANNIS Mr Evangelos PANTELIDIS	National Statistical Service of Greece Bank of Greece Bank of Greece
SPAIN	Mr Rafael ÁLVAREZ Mr Eduardo RODRÍGUEZ TENÉS Mr Mariano GOMEZ DEL MORAL	Banco de España Banco de España Instituto Nacional de Estadística
FRANCE	Ms Maryvonne LEMAIRE Mr Olivier COUSSERAN Mr Jean CORDIER	INSEE Banque de France Banque de France
IRELAND	Mr Bill KEATING Mr Mick LUCEY Mr Gordon CAVANAGH Mr John O'MALLEY	Central Statistics Office Central Statistics Office Central Statistics Office Central Bank of Ireland
ICELAND	Mr Gamaliel SVEINSSON Mr Sveinn SIGURDSSON	Statistics Iceland Central Bank of Iceland
ITALY	Ms Alfonsina CARICCHIA Mr Antonello BIAGIOLI Mr Luigi Federico SIGNORINI	ISTAT Ufficio Italiano dei Cambi Banca d'Italia
CYPRUS	Mr Ioannis G. IOANNOU Mr George ZEITOUNTSIAN	Central Bank of Cyprus Statistical Service of Cyprus
LATVIA	Mr Agris CAUNE Ms Dace TOMASE	Bank of Latvia Central Statistical Bureau of Latvia
LITHUANIA	Mr Jonas MARKELEVIČIUS Mr Rimantas Juozas VAICENAVIČIUS	Statistics Lithuania Bank of Lithuania

LUXEMBOURG	Mr Marc ORIGER Mr Guy SCHULLER Mr Roland NOCKELS	STATEC STATEC Banque centrale du Luxembourg
HUNGARY	Mr Csák LIGETI Ms Edit GÓDORNE KALO	Hungarian Central Statistical Office National Bank of Hungary
MALTA	Mr Jesmond PULÈ Mr Michael PACE ROSS	Central Bank of Malta National Statistics Office
NETHERLANDS	Mr Coen VOORMEULEN Mr Henk LUB Mr Geert BRUINOOGÉ	De Nederlandsche Bank De Nederlandsche Bank Statistics Netherlands
NORWAY	Mr Audun GRØNN	Central Bank of Norway
AUSTRIA	Dr. Aurel SCHUBERT Mr Reinhold SCHWARZL	Oesterreichische Nationalbank Statistik Österreich
POLAND	Ms Bożena JAKÓBIAK Ms Elżbieta BARTKOWSKA	Główny Urząd Statystyczny National Bank of Poland
PORTUGAL	Mr Daniel SANTOS Mr João CADETE DE MATOS 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 Mr Gunnar BLOMBERG	Statistics Sweden Sveriges Riksbank
UNITED KINGDOM	Mr Robin LYNCH Mr Graham JENKINSON Mr Richard WALTON	Office for National Statistics Office for National Statistics Bank of England
BULGARIA	Mr Todor TODOROV Mr Emil DIMITROV	National Statistical Institute Bulgarian National Bank
CROATIA	Mr Igor JEMRIC	National Bank of Croatia
ROMANIA	Ms Silvia CARAGEA Mr Marian MUSTAREATA	Romanian National Institute of Statistics National Bank of Romania

TURKEY

Mr Ferhat ARSLANER

State Institute of Statistics

EUROSTAT

Mr Günther HANREICH, Mrs Marie BOHATA, Mr Bart MEGANCK, Mr Brian NEWSON, Mr Dieter GLATZEL, Mr Klaus REEH, Mr Joachim RECTENWALD, Mr Eduardo BARREDO CAPELOT, Mr Luca ASCOLI, Ms Maria-Helena FIGUEIRA, Mr Gallo GUEYE (Secretary)

DG ECFIN

Mr Frank SCHONBORN, Mr João NOGUEIRA MARTINS

**EUROPEAN
CENTRAL BANK**

Mr Steven KEUNING, Mr Jean-Marc ISRAËL, Mr Gabriel QUIRÓS, Ms Caroline WILLEKE, Mr Reimund MINK, Mr John KIDGELL

OECD

Mr François LEQUILLER

BIS

Mr Philippe MESNY



Committee on Monetary, Financial and Balance of
Payments Statistics

Plenary session
7-8 July 2005

Luxembourg
Jean Monnet Building, Room M6

Agenda
6.06.2005

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 7 July 2005

PART A - ITEMS FOR DISCUSSION

The allocation of times for each item is provisional

1. OPENING

2. ADOPTION OF THE AGENDA ((Mr Keating) (5' - 09.35)

3. EXCESSIVE DEFICIT PROCEDURE

1. Recent developments (Eurostat) (20' – 09.55)
2. Draft Amended Regulation 3605/93 – Implementation aspects (Eurostat) (35' – 10.30)
3. Progress in updating the ESA95 Manual on Government Deficit and Debt (Eurostat) (20' -10.50)
4. EDP inventories: availability and assessment (Eurostat) (15' – 11.05)

4. PUBLIC FINANCE STATISTICS

1. Statistical implications of the reform of the Stability and Growth Pact – Verbal report (Eurostat/DG ECFIN) (20' – 11.25)
2. State of play on the database project (Eurostat) (20' – 11.45)
3. COFOG data - Progress report (Eurostat) (15' – 12.00)

5. QUARTERLY SECTOR ACCOUNTS

1. Joint ECB's DG-S/Eurostat Task Force on quarterly European accounts by institutional sectors – A progress report and several issues including reports on consistency between national BoP and RoW accounts (ECB's DG-S/Eurostat) (30' – 12.30)

Break for lunch – the meeting resumes at 14.15

2. Work plan for compiling annual and quarterly European sector accounts including practical preparatory steps (Eurostat/ECB's DG-S) (45' – 15.00)

6. NATIONAL AND FINANCIAL ACCOUNTS

1. Co-ordination of the implementation of the NACE revision (Eurostat) (25' – 15.25)

7. REVISION OF SNA 93 AND BPM 5

1. Progress report (ECB's DG-S/Eurostat) (SNA 93 = 30' - 15.55 -- BOP = 20' – 16.15)
2. Unfunded employer and social security pension schemes (Eurostat/ECB's DG-S) (45' – 17.00)

End of first day - the meeting resumes at 9.00 on 8 July

3. Defining institutional units and special purpose entities (ECB's DG-S) (30' – 09.30)

8. EU/EMU SHORT-TERM STATISTICS

1. Revision, estimation and dissemination policies for Principal European Economic Indicators and issues related to the 2005 EFC Status Report (Eurostat) (20' – 09.50)

9. REVIEW OF REGULATION 2533/98

1. Review of Regulation 2533/98 on the collection of statistical information by the ECB including confidentiality issues (ECB's DG-S)
 - 1.a Protection of data in the ESCB (ECB's DG-S) (45' – 10.35)
 - 1.b Insurance Corporations and Pension Funds (ECB's DG-S) (30' – 11.05)

10. ANY OTHER BUSINESS

PART B - POINTS FOR INFORMATION²

CMFB INTERNAL MATTERS

1. Main developments since the last CMFB meeting in January 2005 and minutes of the Executive Body meetings held in London (April 2005) and in Madrid (June 2005) (CMFB secretariat)

EXCESSIVE DEFICIT PROCEDURE

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

BALANCE OF PAYMENTS

3. The Balance of Payments Committee (Eurostat)
4. Balance of Payments Working Group – Progress report (Eurostat)
5. Draft FATS Regulation – Progress report (Eurostat)
6. Centralised securities database project – Progress report (ECB's DG-S)
7. Steering Group Multinationals - Final report (Steering Group Multinationals)
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)

STATISTICAL INFRASTRUCTURE

14. 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)
15. Progress report on the SDMX initiative (Eurostat)

INTERNATIONAL ACCOUNTING STANDARDS (IAS)

16. IAS and statistics for the euro area/European Union: latest developments (Eurostat/ECB's DG-S)

FINANCIAL SERVICES STATISTICS

17. Financial Services Statistics. Progress report (Eurostat)

PRICES

18. Property price index (Eurostat)

² The points for information will be discussed during the meeting only if a representative informs the CMFB secretariat two weeks before the meeting