

Minutes of the CMFB meeting in Luxembourg on 29-30 June 2017

(13 October 2017)

1. OPENING AND ADOPTION OF THE AGENDA (CHAIR)

- (1) The Chair welcomed participants and thanked the European Commission (Eurostat) for hosting the meeting.

2. ORGANISATIONAL MATTERS AND REPORTS

2.1. CMFB operational work programme 2017-2018 (Chair) – revised classification of existing WP items

- (2) The Chair referred to the updated Work Programme, which was distributed as a room document. The sub-item ‘Cross border activities of Multinational Enterprises (MNEs) and cross-border exposures of non-banks’ was moved under the Globalisation item. The document would further be submitted to the ESF Bureau meeting of 14 September and ESF meeting of 17 November 2017.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(3) Update of the CMFB WP with SDDS plus and submission to the ESF Bureau meeting of 14 September 2017	Concluded	Chair, Secretariat

3. EXCESSIVE DEFICIT PROCEDURE

- (4) The Chair requested Members to respond to the Eximbank consultation until 3 July 2017 (26 responses were received by the start of the meeting). The other recommendations of the CMFB Exim TF would be addressed at the October 2017 meeting of the CMFB EB.

3.1. EDP activities (Eurostat)

- (5) Eurostat presented the document, touching upon the April 2017 notification, EDP dialogue visits to MSs, EDP guidelines, methodology and other issues.
- (6) Eurostat also announced the MGDD TF meeting of 13-15 September 2017 would most likely need to be postponed. CMFB consultation requests might follow on the statistical recording of eurocoin liabilities and toxic debt.
- (7) No comments were made; the Chair thanked for the detailed presentation.

3.2. Eurostat report in response to the November 2016 Council conclusions on statistics (Eurostat)

- (8) Eurostat informed that during summer 2016, a questionnaire on “Statistical issues in the context of the SGP” was circulated to the members of the EFC-A. The result of the questionnaire was presented in the EFC-A meeting on 23 August 2016. As a follow-up, Eurostat was invited to

prepare a note, responding to the main issues raised with a focus on predictability, transparency and methodological guidance. The survey, Eurostat's response and follow-up were discussed in the EFC-A meeting of 18 October 2016, the EFC-meeting of 25 October 2016, the ECOFIN of 16 November, the EFC-SCS meetings of 27 March 2017, the EFC-A meeting of 3 May 2017 and the EFC-SCS of 20 June. In response to the Council conclusions and the work in the EFC since summer 2016, the Report outlined current work on EDP, along with developments and initiatives in the areas identified by Member States in the EFC-A survey on “Statistical issues in the context of the SGP”. The Report addressed (i) Methodological governance and development; (ii) Notification and validation process; (iii) Coordination within countries.

- (9) ECB DG-S supported the report as a balanced outcome following a long discussion process and was looking forward to its implementation.
- (10) Members thanked Eurostat for the comprehensive presentation and converged on the need for a clear and pre-defined procedure for EDP methodological changes, which the proposal seemed to fulfil. The 2-3 years update frequency of the MGDD, aligned with benchmark revisions in national accounts, was generally welcomed. The need for an integrated revision policy and the largest possible consistency of national accounts data was adequately addressed. However, the 5 years revision policy and 2-3 years MGDD update cycle needed further clarification. Some comments inquired about the interpretation of table 1, whether it was restricting the scope of potential CMFB consultations to financial matters (as opposed to balance of payments topics as well, esp. the current account). While this may not compromise the consensual nature of the proposal as the CMFB's competence is clearly spelled out in EU law; a “without prejudice” clause could add value. A comment inquired if the document would be further updated after the EFC meeting of 29-30 June 2017. Members remained interested in additional details regarding the timeline and key milestones of the implementation. Some disappointment was raised concerning the implementation deadlines of new guidance.
- (11) Eurostat explained that the present document was the version presented at the last DMES meeting and would only undergo editorial changes. In substance it was final, including on the role of the CMFB. Para 34 and 35 were discussed at length by the EFC SCS and their clarity would be improved. Revision policies were also discussed by the EFC SCS. MSs were invited to implement the outcome of the relevant task forces. A new MGDD would be available in 2018 for implementing benchmark revisions in 2019. Concerning the specific ex-ante Protocol on communication exchange on EDP statistical matters, the focus was on ensuring information exchange within MSs, the intentions did not go beyond the existing MoUs. Concerning the schedule, the document should be finalised soon and distributed for CMFB Members as well.
- (12) The Chair thanked for the presentation, discussion and the responses from the Commission. She invited Eurostat, ECB DG-S and MSs to cooperate, in good faith, for its successful implementation.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(13) Updated Eurostat report in response to the November 2016 Council conclusions on statistics for the CMFB	Concluded	Eurostat

4. WP ITEM V – BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION STATISTICS

4.1. Update on FRIBS legislative process (sponsored by Kirsten Wismer and Jacques Fournier) (Sponsors)

- (14) The Commission adopted the proposal on 6 March 2017, which had been sent to the co-legislators, ECB and national parliaments. The EP appointed the rapporteur. A written

consultation in the European Council would be organised over the summer. The corresponding CWPS meeting was foreseen to take place on 28 September 2017.

- (15) A Member enquired about the implementation timeline for the new services statistics requirements. Eurostat responded that 1 January 2019 was proposed, which is however subject to discussion by Parliament and Council and might become a later date.

4.2. Update on the work of the CMFB Task Force on the consistency between national accounts and b.o.p./i.i.p. statistics (sponsored by Ville Vertanen and Jacques Fournier) (Sponsors)

- (16) Sponsors informed the Committee that the TF produced its first report for the CMFB meeting in February 2017 concerning the main items of the current account. There were 3 work streams in progress. First, informing the IMF about the main findings of the 1st report (differences between national accounts and b.o.p./i.i.p. standards) by means of a letter sent in June 2017. The letter was well received and the IMF will reflect on these suggestions at the coming BOPCOM meeting in Paris. Second, the analysis of the STC's views on the timeline of improving b.o.p./i.i.p. and NA consistency, which the TF saw as a solid technical basis. While many MSs already decided on benchmark revisions in 2019, for some it would not be possible or a decision could not have been made yet. The TF recommended that flexibility was warranted, however the two domains should not cease to converge in terms of consistency. Third, the reconciliation of the financial flows and stocks. Sponsors further recalled that the focus of the TF was on consistency and not on revision policy.
- (17) ECB DG-S thanked for the work of TF and praised its results. The representative requested a clear self-commitment by when MSs would implement the TF recommendations, also for MIP purposes. The CMFB should take stock of these commitments and provide an overview for the January 2018 meeting. The IMF cooperation was welcomed, while European matters should also be managed within the flexibility provided by existing statistical standards. The items to be addressed by NCBs were covered by the STC's input, but if MSs had further methodological items, in particular from NSIs, the TF should remain open for this.
- (18) The Chair thanked for the suggestion which would be further addressed by the CMFB Executive Body and confirmed that the above mentioned letter addressed to the IMF will be made available to the CMFB members.

4.3. Joint Eurostat-ECB report on inconsistencies NA-BOP current account (Eurostat, ECB DG-S)

- (19) Eurostat presented an update to the report provided to the CMFB in January 2016. It was clarified that the TF was concentrated on methodological issues (esp. goods and services), while the scope of the present paper was broader (e.g. including revision and vintage effects).
- (20) ECB DG-S pointed to Table 7 that explained discrepancies in the nonfinancial accounts. Institutional responsibilities and methodologies might result in a range of inconsistencies even within non-financial accounts, even if the compilation is not flawed as such (consistency vs accuracy). Vintage issues seemed to be reduced over time by revisions, which was an encouraging development, but so far did not eradicate the consistency issue entirely. Many Members have stressed in this context the future impact of oncoming benchmark revisions in order to address the problem more comprehensively.
- (21) Members thanked for the useful technical report. Although the relative inconsistencies were small for most MSs, absolute inconsistencies appeared particularly concentrated around a group of 6 Member States. Several MSs reported on actual efforts to align production processes across institutions and statistical domains. Eurostat claimed that the organisational setup of statistical production processes has so far not been thematised in the discussion, but without a higher degree of coordination and data sharing structural issues of inconsistencies will persist. Some delegates commented that wide-reaching conclusions concerning the reasons should not be drawn prior to an extensive dialogue (centralisation, organisational matters). An optimal

compromise should be pursued considering the trade-off between increasing accuracy (e.g. by supplementary surveys) on the recent end of the time series and ensuring consistency of back data over time. A series of questions should be addressed within the implementation of the ECB DG-S-Eurostat MoU on MIP statistics. As a practical way forward permanent work should be carried out to address underlying issues, including in the context of benchmark revisions and relying on existing structures. Concerning the use of different data sources, problems may be mitigated with more coordination, even without a necessarily high level of integration. One Member claimed that adding-up absolute inconsistencies may be misleading or merely partially valid insofar as they do not affect key indicators. However, the presented method of measuring inconsistencies on gross transactions avoids offsetting effects that arise with net measures, and effectively points out directional inconsistencies in the account balances of the two statistics. Costs and the set of relevant aspects of inconsistencies should carefully be weighted and if needed, broadened, also from a policy point of view. The timing of revisions may be influenced by the GNI revision cycle (as benchmark revision in 2019 could trigger GNI reservations in 2020).

- (22) Members further recalled that the underlying focus was on users' needs, where consistency ranks very high. In general, collaboration between NCBs and NSIs was fruitful and pointed in the direction of reducing or eliminating discrepancies with the 2019 benchmark revisions. A comment argued in favour of the publication of an updated report, ideally without "naming and shaming" sections and mentioning that certain inconsistencies might be unavoidable. Eurostat welcomed any comments with factual evidence which will be taken seriously into consideration for the publication. However, in the light of the high concentration of inconsistencies on some MSs it insists on the geographical breakdown of inconsistencies as a core feature of the analysis.
- (23) Some Member States where NA and b.o.p./i.i.p. are compiled by the same institution added that work on the broad scope of the income account was progressing. While statistical standards have been aligned, most issues have an interpretation dimension as well due to suboptimal drafting that could compromise the original intentions.
- (24) The Chair added that the discussion should not be unduly focused on the RoW sector of national accounts, but encompass all other sectors.
- (25) Eurostat responded that the report was indeed missing cost (confidentiality) and resource impacts. The paper was not geared to provide general conclusions or suggest one-size-fits-all solutions to mitigate underlying causes, as inconsistencies always occur in a country specific context. Extent and nature of inconsistencies, potential for improvement should be addressed with each MS on a bilateral basis. The spectrum of approaches might apply to certain MSs but not necessarily to all and/or not from the beginning. Indeed, the report was also intended to present the positive aspects of development over the previous 1.5 years. Consistency does not automatically mean high quality in terms of accuracy, but the dialogue involved in such a process carries a rather high value for future quality improvements. A member suggested that this is reflected in the report, adding that striving for close national cooperation is more important than the organisational structure. The findings of the 2nd phase of the BOP NA TF would need to be taken up by the monitoring process, one report including financial and current accounts could be an option, as well as keeping two separate reports. A plea was made by a member to avoid duplication of work.
- (26) The Dutch members informed on ongoing national efforts to integrate the production of accounts across statistical domains and institutions, including additional (targeted) data collections for this purpose and offered a presentation for the June 2018 CMFB meeting. Not only consistency, but the overall quality of b.o.p./i.i.p. and NA statistics should improve as a result of this project.
- (27) The Chair thanked for the rich discussion and concluded that
 - it remained important to monitor the consistency of b.o.p./i.i.p. and NA domains;
 - consistency and accuracy should be distinct dimensions for monitoring;

- national cooperation was an important precondition for improvements, without necessarily singling out any organisation model;
- practical methodological issues should be referred to existing fora;
- the CMFB EB shall discuss MIP related aspects as well.

4.4. Asymmetries in FDI – Follow up on the commitment by the CMFB members in May 2016 (sponsored by Ursula Havel and Joe McNeill) (Sponsors)

4.5. Annual report on the use of the FDI network (Eurostat)

- (28) The Chair proposed a joint discussion on items A.4.4 and A.4.5.
- (29) Sponsors underlined that the FDI Network had been long on the agenda of the CMFB, including specific recommendations for increasing its use.
- (30) Eurostat updated the Committee on improvement measures aimed at increasing the use of the FDI Network. The thresholds of 2 billion € for transactions and 3 billion€ for positions have been kept, but the system accepts 5 transactions per quarter and 3 positions per "window period" per Member State below the thresholds. Flashcards for 25 out of 28 Member States were available in CIRCABC, summarising the most important points on their FDI methodology. Eurostat had received good feedback on the usefulness of flashcards from the Member States. A solution for confidential chat rooms was still being sought for as the CIRCABC solution had been rejected. Automatic reminders could per default be set up in MS Outlook, but Member States previously agreed not to go further with this
- (31) The 2016 annual report revealed an increasing activity within the Network both for transactions and positions. 30% of the total intra-EU positions seemed to have crossed the Network for checking purposes, 17 MSs launched at least 1 reconciliation request. Despite the increasing activity, very few transactions and positions were confirmed reconciled with a correction of the amount by Member States via the FDI Network (2,6% for positions and 0,4% for transactions). However, together with those cases which were directly matched or after investigation, the volume of the overall resolved cases totalled to 24% for transactions and 29% for positions. The main reasons for failure to reconcile positions were the use of different valuation methods for unlisted equity, the use of consolidated vs non-consolidated data and entities not covered. Measured by the total euro amounts introduced in FDI Network, over a quarter of the reconciliation requests remained 'unknown status' in 2016.
- (32) NCB NL commented that FDI Network processes had recently been incorporated in the quarterly production process and closely monitored. Also, not all positive uses of the FDI Network, in particular with respect to transactions, may be captured by the monitoring report.
- (33) Members shared the view that the high number of cases without a reaction (non-response) was the main cause of concern.
- (34) Failed reconciliations may be rooted in objective reasons and could however have improved statistical quality. It was suggested that the joint ESCB-ESS Task Force on FDI would look into this for example by analysing some specific cases.
- (35) The usefulness of reconciling position seemed for some Members less important than that of transactions. Valuation differences may not be resolved for larger groups (on positions) as this relates to the internal accounting framework of corporations. However, for the reconciliation of transactions, the value should match if there was a value named in the process. Valuation of positions (not quoted on stock exchanges) remained a complex problem. A suggestion was made to select the 5-10 biggest non-financial corporations and consolidate them. Further, a request was made for a country breakdown of the status of the reconciliation process.
- (36) Eurostat thanked for the comments and noted that not all the advantages of the FDI Network could be captured in tables and as such the full value of the Network was not necessarily reflected in the annual activity report. The joint ESS-ESCB Task Force on FDI would continue monitoring the FDI Network.

(37) The Chair thanked for the presentation and the discussion and accepted the offer from NCB NL to present national practices in a future meeting. She supported the sponsors' suggestions that the task force look into non response and into mismatches. She also recalled the formal commitment of CMFB Members to participate in the FDI Network.

4.6. Update on legislative processes – ESCB guideline on external statistics

(38) ECB DG-S informed on the medium term b.o.p./i.i.p.strategy implementation, which would include the update of the ESCB guideline on the field of external statistics. The following aspects would be considered during the update:

- sector requirements;
- geographical detail;
- instrument and “other flows” detail;
- FDI data following the extended directional principle (ExDP);
- currency of denomination detail.

(39) The WG ES tentatively endorsed the proposal of having the first data transmission in March 2021 for reference period Q4 2020. No formal back data requirements will be included in the Guideline.,

(40) ECB DG-S also offered to provide further details on the implementation of the ESCB b.o.p./i.i.p. strategy, if wished so.

(41) The Chair thanked for the update and accepted the offer for further updates.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(42) Draft final report of TF on consistency between NA and b.o.p.	30 November 2017	Sponsors, TF Co-Chairs
(43) Distribution of the CMFB BOP NA TF letter addressed to the IMF for CMFB Members	Concluded	Chair, Secretariat
(44) CMFB written procedure on the joint Eurostat-ECB report on inconsistencies between NA and BOP current account	Concluded	Chair, Secretariat
(45) Liaise, as appropriate, with the Joint ESS-ESCB FDI TF to investigate on concrete measures to increase the use of the FDI Network	October 2017 CMFB EB	Sponsors

5. WP ITEM VI – BIG DATA (SPONSORED BY GERARD EDING AND JOE MCNEILL)

5.1. Update and way forward (Sponsors)

(46) Sponsors recalled that the CMFB had received so far four excellent presentations from Members and reported on the ongoing update of the 2015 questionnaire, to be launched in Q317. The outcome would be presented at the February 2018 CMFB. The new questionnaire would expand the definition of Big Data to large, granular, micro and administrative data sources. Members would also be requested to identify topics for the attention of the Committee. Legal access, technical and cooperation issues for official statistics would be emphasized by the upcoming questionnaire.

(47) Members had no comments on these proceedings. The Chair thanked for the preparations and the update.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(48) Finalisation and launch of the CMFB Big Data questionnaire	October 2017 CMFB EB (in progress)	Sponsors, Chair, Secretariat

6. WP ITEM III – GLOBALISATION (SPONSORED BY URSULA HAVEL AND ROBERT KIRCHNER)

6.1. Update on SDDS plus (Sponsors)

- (49) Sponsors informed that in May 2017, eleven EU countries had adhered to the IMF's Special Data Dissemination Standard Plus (SDDS Plus). Nine EU countries have plans to adhere to the standard at some point in the future. For eight countries there was no information available. Since most countries adhered or would adhere to SDDS Plus, there seemed no need for an additional questionnaire. Eurostat, ECB DG-S, Deutsche Bundesbank and others offered technical assistance in order to adhere to SDDS Plus. In addition, it was suggested that countries send an update of their plans (see table above) to the CMFB secretariat before mid-September 2017.
- (50) The UK representative informed that the United Kingdom was expected to adhere by autumn 2017.
- (51) The Chair thanked for the update and requested that Member States send an update of their plans to the CMFB secretariat till mid-September 2017

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(52) Members to inform the CMFB Secretariat on updated national plans, if any, concerning their adherence to SDDS Plus	Concluded	CMFB Members

6.2. Regular exchange of information in relation to MNEs (Eurostat, ECB DG-S)

- (53) Eurostat and ECB DG-S presented the aspects related to difficulties in capturing the impact of globalisation, need for closer international cooperation, early warning system, legal issues in relation to exchange of information (enabling clauses) and practical examples of exchange of information.
- (54) Members generally welcomed that the two systems producing European statistics were cooperating on this issue. There was a need to better define the concept of restructuring. It was mentioned that ad hoc user requests occasionally may not be served if the developments are driven by one or a few entities (due to confidentiality), also a European database covering these cases seemed to be in demand. Some doubts surfaced as regards the practical efficiency of European enabling clauses for the exchange of confidential information – the European Commission might consider following-up on this.
- (55) ECB DG-S suggested a feasibility study on the set of information that should potentially be exchanged and lawyers should evaluate this proposal in the light of current enabling clauses. Legal provisions certainly do not allow all sorts of exchanges and might require a high degree of transparency, but much could be done within the existing framework within the EU. Non-EU economies could be considerably more difficult to cover.
- (56) Eurostat agreed that data sharing is the key issue. An integrated European database was not yet within reach but certain initiatives were pointing in that direction. Light, practical and legally unproblematic exchanges of information should however be the starting point for such initiatives. The extra-EU dimension should be addressed via cooperation with non-EU economies, possibly within the OECD.
- (57) Members added that cooperation within an OECD framework would need to be restricted to publicly available information as it takes place outside the EU legal framework. This would

already be a step ahead but may not be sufficient to provide a full picture. The need to identify the data that need to be exchanged for the proper statistical treatment of MNEs was emphasised again as a necessary first step. Part of this may already be available; obstacles would be examined for the rest.

- (58) The Chair concluded that the existing legal framework allowed for progress in the area of exchanging information to improve the statistical treatment of MNEs. This should take place in close cooperation within and between the ESS and the ESCB. The CMFB supported the idea of an early warning system.

6.3. Overview of globalisation activities and communication (Sponsors, Eurostat, ECB DG-S)

- (59) Sponsors referred to the discussions of the European Statistical Forum in December 2016, which was the starting point for this work stream. The ESF Globalisation Group, following up on the mandate provided by the ESF, identified globalisation-related dossiers with shared interest to cooperate between the ESS and the ESCB. The report illustrated that there were several players active in the field of globalisation. The main role of the CMFB might be in providing an overview, as needed, and help avoiding overlaps on the one hand and gaps on the other.

- (60) Therefore, the Sponsors suggest that the CMFB would:

- observe the ongoing developments in different institutions, working groups on selected topics;
- invite the responsible organisations to inform the Committee;
- advise on assigning important (new) questions to existing working structures;
- organise a workshop to bring together supply and demand.

- (61) Eurostat welcomed the presentation, the identification and overview of existing work streams, with a view to avoid duplications. A joint DMES and BSDG TF, including the OECD and ECB DG-S, was also in place for this purpose. The main issues identified had been conceptual and related to practical cases, including intellectual property products, information exchange regarding MNE actives for an early warning system and communication. An early warning system would provide an opportunity for a structured discussion and proactive solutions. The Integrated Global Accounts and Global Production (IGA) and the European Inter-Country Supply, Use and Input-Output Tables (Figaro) projects were relevant in this context. The timing and contents of the CMFB workshop should be coordinated with other events on globalisation, including the planned IGA seminar.

- (62) ECB DG-S welcomed the idea of the workshop and complementing the users' focus had to remain in the focal point. In addition to overlaps, gaps should be avoided as well. Particular ESCB activities in the field of globalisation were the earlier mentioned amendment of the guideline in the field of external statistics, facilitating the measurement of globalisation, the support of the FDI Network, involvement in and contribution to ESS initiatives, and work on recording of complex, cross-border transactions. The concept of an early warning system can easily be embedded with these initiatives.

- (63) Members welcomed the idea of a CMFB workshop on globalisation, which however had to be specific on the role of the Committee. The priorities identified by the TF could be a starting point. Enlarging the knowledge on MNEs and related information exchange was particularly well received by Members. The focus might be the cooperation between central banks and statistical offices and efficient allocation of resources, also covering the allocation of methodological and conceptual issues (e.g. applicability of existing standards; potential new satellite accounts or all-inclusive statistics). Related IMF and OECD (Global funding of multinational) initiatives might be presented at the work shop as well. Legal impediments need to be analysed as well, with a view to separate legal constraints from willingness to cooperate.

- (64) Some Members underlined that such an undertaking could result in an unusually packed agenda and that the CMFB could contribute by other means as well.
- (65) The Chair concluded that there was overwhelming support for a CMFB workshop on globalisation and requested the Sponsors to adequately focus the agenda. She kindly invited offers to host the event.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(66) Specifying the purpose and developing a draft agenda for prospective CMFB Workshop on Globalisation	October 2017 CMFB EB meeting	Sponsors, ECB DG-S, Eurostat

7. WP ITEM IV – IMPLEMENTATION OF INTERNATIONAL STATISTICAL STANDARDS, SUCH AS ESA 2010 AND BPM6 (SPONSORED BY ANDREA BRANDOLINI AND GERARD EDING)

7.1. Presentation of the results of the stock taking exercise on the European Harmonised Revision Policy and the way forward (Sponsors)

- (67) Sponsors introduced the item by referring to the proposed amendments to the European Harmonised Revision Policy for routine revisions and the related fact-finding exercise.
- (68) The Eurostat Co-Chair presented the results. The questionnaire focused on *intended* national practices. The main conclusion were:
- The amended policy allowed a greater number of countries to adhere to the revision windows specified by the policy. However, there were still a number of countries that would not be able to adhere to the policy.
 - A few countries indicated they would be changing their practices to meet the amended policy. The improvement, therefore, came from including a wider set of existing national policies under the umbrella of the HERP.
 - As regards the elements of a consistent national revision practice in routine revisions, most countries did not achieve a fully consistent practice, neither in the annual nor in quarterly frequency. A numerical measure of alignment indicated that several countries clearly did not align practices across domains, an issue that affects other CMFB work streams such as the consistency of b.o.p./i.i.p. and national accounts.
 - As regards the overall objective of a harmonised European revision practice, namely the alignment of revision practices by domains across countries, the results showed mostly deterioration. This was especially pronounced in the b.o.p./i.i.p. domain.
 - Although the policy specifically introduced the need to align revisions across domains and countries in the 3rd quarter, several countries indicated not implementing such revisions across all domains in the 3rd quarter.
 - The overall picture would improve if more countries committed to change their current practice and follow the HERP recommendations.
- (69) The CMFB was requested to:
- take note of the result of the fact finding;
 - comment on the results and/or provide additional information or revise country's answer to the questionnaire where and if deemed necessary;
 - confirm the conclusion of the report that the adjusted policy will allow a (much) larger number of countries to adhere to the CMFB revision policy;

- confirm the preliminary decision of the previous CMFB plenary meeting to agree with the proposed adjusted CMFB revision policy and ask the CMFB EB to communicate this;
- urge those countries that can adhere, to do so as soon as possible, and urge those who cannot adhere to invest in further research, cooperation, communication, etc. to see how they can adhere in medium term;
- take stock of the progress of the implementation of the new policy mid-2019, with the results to be presented to the CMFB plenary in January/February 2020.

(70) Members expressed praise for the work of the task force but did not comment on the presentation.

(71) The Chair thanked for the work and concluded according to the request.

7.2. Communication on common revision policies (Sponsors)

(72) Sponsors presented and invited comments on the draft communication.

(73) A number of members expressed their support to the document.

(74) Eurostat informed that the communication would be updated following the discussions in the CMFB executive body and circulated to the CMFB for comments. Revisions to European aggregates would be mentioned.

(75) ECB DG-S added that the frequency of revisions to European aggregates would need to be addressed as well. This would avoid increasing inconsistencies among the sum of national and European aggregates.

(76) The Chair concluded that a written procedure would take place on the document and that the final version would be published and sent to the EFC.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(77) Review of the summary tables from the HERP fact-finding exercise	Concluded	CMFB Members
(78) CMFB written procedure on the updated communication on common revision policies	Concluded	ECB DG-S, Eurostat, Secretariat

8. WP ITEM I – ENSURING THE QUALITY OF STATISTICS UNDERPINNING THE MACROECONOMIC IMBALANCE PROCEDURE SCOREBOARD (SPONSORED BY VILLE VERTANEN AND EMIL DIMITROV)

8.1. Draft level 1 report 2017 (Eurostat, ECB DG-S)

(79) Eurostat recalled that the ESS – ESCB quality assessment report on statistics underlying the Macroeconomic Imbalances Procedure aims at enhancing the communication on quality assurance of MIP statistics towards the European Parliament and Council, policy makers and the public at large with key messages on the reliability and comparability of such statistics. The report benefited from the comments of the CMFB EB.

(80) Members welcomed the report and thanked for the efforts. An intervention underlined that this report was the first following the “Irish case” and should be clear in this respect. The substantial upward revision of the Irish GDP for the year 2015 resulted in an improvement of various MIP indicators expressed as a percentage of GDP. Replacing the GDP by other indicators was equivalent to undermining the validity of the MIP scoreboard.

- (81) Further comments suggested removing country references as these might be out of context, sensitive for the specific indicator chosen for comparison (even if there are discrepancies for certain breakdowns, the MIP indicator was mostly not impacted). These comparisons had their place in level 2 reports. The report ought to remain high level and should ideally not blur the distinction between the various levels of the MIP quality assessment framework. The validity of the analysis may be limited to annual data.
- (82) Eurostat responded that there were facts and opinions in the report, the latter reflecting the assessment of the co-authors. Concerning the Irish case, globalisation was given a profile in the report from the very beginning, also related to communication. Nevertheless the text would be reconsidered to see if its clarity could be improved. A revision of the MIP indicators should not be suggested by the report; the fact is merely that macroeconomic indicators can be impacted by globalisation effects. Regarding the naming of individual MS, the targeted readers of the level 1 report would be served more comprehensively and transparently this way. The lower level reports are addressed to a more specialised audience.
- (83) ECB DG-S underlined that the level 1 report should summarise level 2 reports in a very condensed manner, while individual facts may be checked. Policy makers and the general public should receive a sensible picture of the difficulties and intrinsic issues surrounding the production of accurate MIP indicators and underlying statistics. The development of level 2 reports allows for more specificity in the level 1 report as well.
- (84) A member responded that specific references may not have had provided a truthful picture about the particular Member State.
- (85) The Chair thanked for the presentation and the rich discussion. A CMFB written procedure would be organised to gather all comments, especially concerning facts, on the report.

8.2. State of play on the alignment of the domain specific quality reports for b.o.p./i.i.p. (Eurostat, ECB DG-S)

- (86) ECB DG-S and Eurostat presented the mock-ups and the way forward. The CMFB Task Force was mandated to make a proposal for aligning standards (including relevant indicators) for the quality reports of ECB and Eurostat. The proposed structure and content based on previous quality reports by ECB and Eurostat. Key new elements are (i) the public nature of the report and (ii) the MIP box (at the end of the report). The way forward would include an extended written consultation with WG ES and BOP WG, WG FA (respectively in the course of July); after that, the mock-up reports will be sent to the STC. Eurostat's annual quality report would be sent for ESSC consultation. The regular production would commence in October 2017 (ref. period 17Q2).
- (87) Members welcomed the report and praised the joint efforts of the ECB DG-S and Eurostat. The structure received overall support. It was added that errors and omissions were mostly explained by financial flows and not by current account issues, so that it would be better to show ratios in terms of IIP instead of on current account terms. The implementation of the error correction mechanism concerning certain countries possibly gives the opposite message than the one intended (b.o.p./i.i.p. p17). Formulas (e.g. p17) and readability may occasionally need to be made clearer. As regards accessibility, it was mentioned that cells not reported may have to do with confidentiality issues and with the lack of reliable data for some variables when too many details are requested, and accordingly they do not necessarily indicate unfilled data requirements; the structure of the table could be reviewed (e.g. by focusing only in the main items or by weighing cells according to its quantitative importance).
- (88) ECB DG-S responded that technical comments will be followed up by the corresponding ESCB working group and Annex 3 would be reviewed with the aim to be easier to read for non-specialists.
- (89) Eurostat added that the purpose was to present the structure and the nature of the assessment, further consultations will follow.

- (90) ECB DG-S further added that consistency across different reports should be ensured. Level 2 reports would be formally adopted by the ECB Governing Council and published. The Executive Summary (yet to be drafted) will include recommendations for national statistical authorities. This type of Executive Summary, based on test data of 2016, would be discussed by the STC in September 2017 (figures for the reference year 2017 would follow in November 2017, recommendations would be formulated on these figures and discussed at the December 2017 STC).
- (91) The Chair thanked for the update and suggested involving national statistical authorities as early as possible in this process.

8.3. Memorandum of Understanding between Eurostat and ECB DG-S on the quality assurance of statistics underlying the MIP – update on implementation (ECB DG-S/Eurostat)

- (92) ECB DG-S and Eurostat updated the CMFB on the implementation of the MoU. The main tasks were data reconciliation (between ECB and Eurostat), an MIP metadata template, quality reporting and country visits (2 being planned still for Q417, from 2018 onwards 3 to 4 annual visits). The preliminary draft communication, to be posted on the ECB and Eurostat websites, outlines the quality assurance process. The timetable would be regularly updated for the CMFB for information.
- (93) One member suggested integrating the implementation timetable in the draft communication (as the MoU itself was also public). Concerning visits, several Members expressed reservations and stressed these were foreseen at a late stage of the process, following detailed analysis. The document was however not proposing to link visits explicitly to the potential findings of level 2 reports. The exact way of working for these visits needed further clarification (such as purpose, main issues and sharing them in advance, duration, composition, dissemination of findings, follow-ups). The burden posed by MIP visits alongside EDP and GNI missions should not be underestimated.
- (94) Eurostat thanked MSs for their openness to discuss quality issues and confirmed that visits would not take place without an underlying reason (identified in the level 2 reports). Visits should not be seen as a last resort measure, but more as means of constructive dialogue in addition to the joint ECB DG-S/Eurostat analysis. The related procedure would be fixed in writing and reviewed in the light of experiences, considering that the first visits are considered as a learning stage. The visits would be preferably preceded by a set of questions and issues addressed to the concerned Member State and are not expected to take longer than 1-2 days altogether, including the NCB and the NSI as necessary. Issues surfacing during the production process (esp. during the autumn period) would need to be managed within a short timeframe and not by the means of visits.
- (95) The Chair thanked for the update and the valuable discussion.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(96) CMFB written procedure on the factual elements on the ESS – ESCB quality assessment report on statistics underlying the Macroeconomic Imbalances Procedure	Concluded	ECB DG-S, Eurostat, Secretariat
(97) CMFB written procedure updated level 2 mock-ups	Ideally concluded by the CMFB EB meeting of October 2017	ECB DG-S in cooperation with Eurostat
(98) CMFB comments on the	Concluded	ECB DG-S, Eurostat,

preliminary draft communication re the Memorandum of Understanding between Eurostat and ECB DG-S on the quality assurance of statistics underlying the MIP	Secretariat
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9. WP ITEM II – LEGAL ENTITY IDENTIFIER (LEI) AND BUSINESS REGISTERS (SPONSORED BY ALFREDO CRISTOBAL AND EMIL DIMITROV)

9.1. Action plan for the implementation of the recommendations in the CMFB Opinion on Business Identifiers and Business Registers (Sponsors)

- (99) The Chair referred to the CMFB opinion on business identifiers and registers and recommendations for statistical production of 2 December 2016. Sponsors presented the action plan as per the implementation of these recommendations.
- (100) Eurostat supported the cooperation with existing LOUs on national level, which was also discussed at the Business registers Working Group. Eurostat was indeed working on the integration of the LEI into the EuroGroups Register (EGR) as complementary information. The EUID, used in the 'Business Registers Interconnection System' initiative at the level of administrative business registers, may be useful in this domain as well. Members supported the LEI and agreed that its use should be further promoted. However, a distinction between administrative and legal considerations should be made. Statisticians may not always be in a position to influence the introduction of a legal obligation of using the LEI.
- (101) Access to provide information in relation to R2 (To remove legal and administrative obstacles preventing or limiting the mutual use of SBRs by ESS and ESCB for statistical purposes) may meet with legal constraints.
- (102) Sponsors added that the legal compulsion of the LEI came from the administrative level and therefore this should be the first level to be addressed. The statistical use should be defined thereafter. Concerning access and sharing data for statistical and non-statistical purposes, national legislation was applicable and dialogue should be the way forward.
- (103) The Chair concluded that the action plan was endorsed. The GLEIF Statistical User relationship Group meeting of 8 September 2017 would address the action for Recommendation 1 of document A.9.1.

9.2. Benefits of the LEI and FAQ (ECB DG-S)

- (104) ECB DG-S presented the state-of-play of the initiative to broaden the LEI coverage.
- (105) Members praised the comprehensive and detailed presentation and shared the view regarding the importance of the project. Suggested improvements on the registration process (granting a more prominent role to administrative business registers) were particularly welcomed.
- (106) ECB DG-S responded that both the ROC and the GLEIF had a strong interest to improve the proliferation of the LEI, but it seemed that it cannot be without an external momentum. Contacts need to be established with critical stakeholders, various options need to be introduced and discussed in detail.
- (107) The Chair thanked for the presentation.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(108) Follow-up on the action plan for the implementation of the recommendations R1 in the CMFB Opinion on Business Identifiers and Business Registers	October 2017 CMFB EB meeting	Chair

10. ANY OTHER BUSINESS

(109) The following CMFB meeting will take place in Frankfurt on 1-2 February 2018.