

57TH MEETING OF THE
**COMMITTEE ON MONETARY, FINANCIAL AND BALANCE OF PAYMENTS
STATISTICS**

31 January – 1 February 2019
Frankfurt am Main

ITEM A.3
FOR DISCUSSION

ORGANISATIONAL MATTERS AND REPORTS

**Operational work programme for cross-cutting and transversal issues between the ESS
and the ESCB to be implemented by the CMFB in 2019-2020**
(Chair)

Operational work programme for cross-cutting and transversal issues between the ESS and the ESCB to be implemented by the CMFB in 2019-2020

Introduction

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

Within its role as an advisory body, it facilitates operational cooperation between the two systems, reflecting the changing European political and statistical agenda. The European statistical community stands ready to tackle the new important issues affecting statistical needs and quality.

The operational work programme for 2019-2020 is the natural development of the work programme carried out in 2017-2018, which was endorsed by the European Statistical Forum (ESF) on 11 December 2018. As such, its priorities comprise following-through on-going items from the previous work programme as well as pursuing work on potential new cross-cutting issues pertaining in particular to balance of payments and international investment position statistics, globalisation and statistical classification matters.

The CMFB is invited to comment on the implementation of the work packages.

Table of Contents

Operational work programme for cross-cutting and transversal issues between the ESS and the ESCB to be implemented by the CMFB in 2019-2020	2
Introduction	2
1. Ensuring the quality of statistics underlying the MIP	3
2. Legal Entity Identifier (LEI) and business registers	3
3. Globalisation	4
3.1 Promotion of international initiatives (G20 DGI-2)	4
3.2 Cross border activities of Multinational Enterprises (MNEs) and cross border exposures of non-banks ...	4
4. Implementation of international statistical standards ESA2010 and BPM6	4
4.1 Harmonised European revision policies	4
4.2 Development of international statistical standards	5
4.3 Consistency between national accounts and BOP/IIP statistics.....	5
5. Balance of payments and international investment position statistics (BOP/IIP)	5
5.1 FRIBS and BOP/IIP	5
5.2 Asymmetries in FDI – Follow up on the commitment by the CMFB members in May 2016.....	5
5.3 Bilateral asymmetries in large cross border transactions in services, the accumulation accounts and other changes	6
6. Big data	6
7. Further areas of joint interest for the two systems	6
8. Other items.....	7

1. Ensuring the quality of statistics underlying the MIP

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

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

The ECOFIN Council recalled, in its November 2016 conclusions on EU statistics, that the MIP must rely upon sound and harmonised official statistics and has emphasised since 2011 the importance of close cooperation between the ESS and the European System of Central Banks (ESCB) in assessing the reliability of the statistics underlying the MIP and improving their quality. The Council acknowledged that these requirements are covered by the specific Quality Assurance Framework for MIP elaborated jointly by the ESS and the ESCB and welcomed the Memorandum of Understanding (MoU) between Eurostat and the ECB/Directorate General Statistics.

The joint quality monitoring framework for the compilation of statistics for MIP consists of three levels of quality reports, distinguished by increasing level of detail: (1) an overall report for policy makers and the general public prepared under the responsibility of ECB DG-S and Eurostat; (2) domain specific reports; (3) national reports per Member State and per domain.

The CMFB will continue its role in the whole process of quality assessment of the statistics underlying the MIP indicators at all its levels, including the implementation of the 2016 Memorandum of Understanding.

2. Legal Entity Identifier (LEI) and business registers

The LEI aims to provide a single and universal code to any organisation or firm involved in financial transactions. The use of the LEI is currently being expanded to cover the non-financial sector. The CMFB contributes to investigating the possibilities on how to expand the LEI use in practice to compile statistics. The LEI will gradually become compulsory (as reflected e.g. in EBA regulations) and hence there is an urgent need to get further acquainted with its properties and investigate its potential use for statistics.

The CMFB established a statistical stakeholder group with the Global LEI Foundation to address these issues, including questionnaires of changes of the business model of GLEIF. Based on the reports from two high-level groups approved in July 2016, in December 2016 the CMFB published an opinion on business identifiers and business registers containing recommendations for statistical production. In June 2017, the CMFB adopted an action plan for the implementation of these recommendations. In January 2018, the CMFB participated in the Pre-consultation survey of the CES Study Group on the feasibility of incorporating sector information in the LEI reference data. In July 2018, the CMFB launched a survey on the implementation of the CMFB recommendations on the mutual use of the Statistical Business Registers by NSIs and NCBs for statistical and non-statistical purposes.

The CMFB will conduct an update of the strategic analysis, describing possible scenarios to reach full LEI coverage and the role that the CMFB has to play in this respect. Based on this analysis, it will discuss and initiate further actions for the implementation of the CMFB recommendations. Fostering the LEI as a public good for non-financial companies stays among the objectives of the CMFB, given the strategic importance for our statistics. At the same time, the CMFB will examine and promote best practices to ensure the consistency of business registers used by NSIs and NCBs.

3. Globalisation

3.1 Promotion of international initiatives (G20 DGI-2)

The CMFB will continue to monitor the relevant G20 DGI-2 initiatives. Recommendations on data sharing are an important concern for the CMFB, especially the exchange of data between the ESS and ESC members (see below).

3.2 Cross border activities of Multinational Enterprises (MNEs) and cross border exposures of non-banks

Pursuant to the recommendations of the ESF Globalisation Group and building on the outcomes and conclusions of the Vienna workshop (July 2018), the CMFB will continue to address the statistical issues raised at the operational level caused by (the relocation of) MNE's activities across countries and on cross border exposures of non-bank corporations. The CMFB actions will be put into context with significant real-world developments (e.g. Brexit, changes in US tax laws, discussion on corporate taxation at European level) and will take into account other ongoing initiatives and projects to avoid duplications.

The CMFB will produce a vision paper on globalisation and statistics, addressing the impact of globalisation on fundamental statistical principles, to be discussed by the ESF thereafter.

More generally, attention will be devoted to important issues:

- 1. Exchange of data at the national and international level (see also item 7 below). The rules governing data sharing across institutions, the possible legal constraints preventing an efficient exchange, the limits to the ESS-ESCB cooperation on globalisation as regards LCUs and the creation/use of MNE databases are possible topics for further analysis and action;*
- 2. Monitoring the co-operation between the two systems on on-going and planned globalisation-related initiatives such as the GNI pilot exercise and the Early Warning System. The CMFB provides a forum for enabling and stimulating the exchange of information and enhancing this collaboration;*
- 3. Intellectual Property standards and Special Purpose Entities. The Task Force on Intellectual Property and the BOPCOM Task Force on SPEs will be invited to present their reports at a next plenary meeting of the CMFB;*
- 4. Communication, e.g. based on sharing best practices and providing practical guidelines.*
- 5. Addressing user needs, e.g. inviting users to report on their evolving informational needs in the face of a changing economic environment.*

Other issues might be considered for analysis and action based on the Vienna workshop conclusions. The CMFB actions in this area will be closely coordinated with other international activities in this field. Both in the ESS and ESCB as well as initiatives of other international organisations like the UN, OECD and IMF.

4. Implementation of international statistical standards ESA2010 and BPM6

4.1 Harmonised European revision policies

The CMFB will support the ESS and ESCB in developing awareness of the impact on macroeconomic statistics of the implementation of ESA2010 and BPM6. Based on the work of the CMFB task force on a European Harmonised Revision Policy and of the ESS task force on benchmark revisions, in 2017 the CMFB issued a communication on common revision policies, which should allow a larger number of countries to adhere to them. The ECOFIN Council, in its conclusions on EU statistics of November 2017, welcomed the completion of work within the ESS and the CMFB on harmonised revision policies for

benchmark and routine revisions in national accounts and balance of payments statistics. In order to ensure comparability among the aggregates and consistency in the compilation of European aggregates, the Council encouraged all Member States to follow the recommendations made, for instance that Member States undertake a harmonised benchmark revision of national accounts in 2024 (and in 2019 where possible and appropriate).

Two follow-ups will be planned in 2018/2019: (1) a stock tacking of progress in the implementation of the new policy; (2) support of a coordinated implementation of SDMX for data sharing and dissemination of macroeconomic statistics in conjunction with other relevant international institutions.

4.2 Development of international statistical standards

The CMFB will be regularly informed of the progress with regard to the research agenda of the next SNA and BPM manuals. The potential contribution of the CMFB will be discussed.

4.3 Consistency between national accounts and BOP/IIP statistics

Comparisons concerning the rest of the world accounts between BOP/IIP and national accounts were carried out by Eurostat as well as ECB DG-S and indicated discrepancies. In 2016 the CMFB established the Task Force on Consistency between National Accounts and BOP/IIP Statistics, whose final report was endorsed at the plenary in January 2018. The report recommended: *i) pursuing coordination efforts of compilers, including data sharing in accordance with confidentiality rules; ii) long-term full convergence of the manuals; iii) short-term clearer guidance on the interpretation of manuals.*

The CMFB will continue to monitor country progress in the implementation of the CMFB recommendation and prepare a follow-up questionnaire for that purpose. Based on the results further actions may be initiated by the CMFB. Annual reports on consistency of NFA and BOP, prepared by Eurostat, and on consistency of FA and BOP, prepared by ECB DG-S, are to be presented and discussed at the plenary meetings in July and January, respectively.

5. Balance of payments and international investment position statistics (BOP/IIP)

5.1 FRIBS and BOP/IIP

In 2016, the CMFB developed principles for re-shaping the connection between business statistics and BOP/IIP statistics and assessed the national impact of two different implementation options on the compilation of international trade in service statistics (ITSS). A CMFB opinion was published in September 2016 on the content of FRIBS as far as BOP/IIP statistics are concerned and on the future role of the CMFB in this regard. Proposal of the FRIBS regulation was adopted by the Commission in early 2017 and submitted to the co-legislators.

The CMFB will continue to monitor the FRIBS legislative procedure, in particular with respect to the relationship between business statistics, national accounts and BOP/IIP statistics. Following the adoption of the FRIBS regulation, the CMFB will continue to provide its opinion on all matters falling within its competence in accordance with the FRIBS legal act and Council Decision 2006/856/EC.

5.2 Asymmetries in FDI – Follow up on the commitment by the CMFB members in May 2016

The CMFB monitors the actions that were recommended by the CMFB Task Force on this matter and follows up the regular reporting on the use of the FDI Network. This practical action directly contributes to the improvement of the quality of BOP/IIP statistics as recommended by the G20 DGI and in line with the

recommendations of the ESF Globalisation Group.

The CMFB will continue to monitor the use of the FDI Network and will regularly review the effectiveness of the network in contributing to reduce asymmetries in FDI. The CMFB will continue promoting the use of the Network and encourage the CMFB members to use it to its full extent and take the necessary steps to enhance reconciliation efforts.

5.3 Bilateral asymmetries in large cross border transactions in services, the accumulation accounts and other changes

The CMFB will continue to monitor the occurrence of large asymmetries in services, the capital account and other changes, to assess their impact in major macroeconomic variables. If needed, the CMFB will initiate additional sub-workstreams.

6. Big data

The CMFB reviews the experience across the ESS and the ESCB, with a view to contribute to the mutual information exchange and synergies for all members in this domain. In 2017 the CMFB carried out a survey of progress in member states in big/granular data research and initiatives and ask countries how and where they think the CMFB could be of help in the issues they face in this kind of research/development. The results of the questionnaire were presented at the plenary meeting in January 2018.

The CMFB monitoring of activities of NSIs and NCBs in the broadly defined field of big data will be part of the mandate of the “light” CMFB Task Force on Big Data. The Task Force will identify possible future CMFB activities in the field of big data which should have a clear link with other parts of the CMFB programme. Besides, the Task Force will organise country presentations at the plenary meetings to continue to exchange CMFB relevant ideas and new work in the area of big data.

7. Further areas of joint interest for the two systems

The ESS and the ESCB are engaged in various, sometimes joint, initiatives. The CMFB identified two specific fields in which the CMFB could play a role; (1) real estate statistics, where two different task forces are studying real and financing aspects; (2) income, consumption and wealth statistics, where work is carried out from the perspectives of estimating joint distributions (including also the OECD) and reconciling micro and macro information, with the construction of distributional national/financial accounts in the background.

For both research strands, considerable work is devoted to the conceptual definition and practical implementation of new statistics. As both statistical systems are involved in these exercises, the CMFB will offer a forum for exchanging and discussing the results achieved so far. This will be achieved in a light manner, carefully avoiding duplications with respect to initiatives already in place, by organising dedicated sessions in plenary meetings or, if deemed appropriate, a short workshop, preferably back-to-back with the plenary meeting, similar to the one held in Vienna on globalisation.

Workshops on Real Estate Statistics and ICW statistics could be organised.

The CMFB will submit a dedicated feasibility study on the exchange of confidential statistical information between the ESS and the ESCB for statistical purposes to the ESF, taking the MNE Pilot exercise as a case study.

8. Other items

The CMFB will also respond to requests by its members and EU institutions and bodies in line with EU legislation. It will continue its role in methodological consultations and also, in cooperation with Eurostat, review selected issues and chapters, which are of common concern to the ESCB and ESS, in the upcoming update of the Manual on Government Debt and Deficit (MGDD).