

## Conclusions and list of actions

### CMFB Plenary meeting

**Vienna 6 July 2018**

(31 August 2018)

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#### **1. OPENING AND ADOPTION OF THE AGENDA (VICE-CHAIR)**

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- (1) The Vice-Chair (who chaired the meeting and is referred to as Chair in this document) expressed his best wishes for the CMFB Chair, Ms Kirsten Wismer, for a swift recovery. He welcomed participants, including on behalf of Statistics Austria, Eurostat and ECB DG-S, thanking Statistics Austria for the excellent hosting of the meeting and the Globalisation workshop
- (2) Following housekeeping announcements, the agenda was adopted.

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#### **2. EXCESSIVE DEFICIT PROCEDURE**

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##### **2.1. EDP activities, including the timetable for the CMFB's involvement in the preparations of the new MGDD (Eurostat)**

- (3) Following Eurostat's presentation, the Chair referred to the timetable of the MGDD development. The CMFB January 2019 plenary meeting will include a ½ day session on the new MGDD. A consultation would be launched afterwards.
- (4) The Hungarian statistical authorities referred to the Eximbank consultation request submitted in 2016, which also covered the classification practices for captive financial institutions and enquired about the state of play concerning these points. The practice of having to produce dual time series in the field of EDP and financial accounts was already present in a number of Member States. Eurostat responded that the issue of units established by local governments for the purpose of raising funds and lending this further to local governments was about ancillary units and not about captive institutions.
- (5) A comment recalled that the Eurostat report did not touch upon the increasing number of 'action points' that are requested from MSs after EDP dialogue visits. It was suggested that these would be limited by a materiality threshold, similarly to the practice introduced for the GNI visits.
- (6) The moment when the new MGDD was going to be published (March 2019) was criticised as this would be very difficult to be considered when implementing the next benchmark revision which will take place in Autumn 2019 in a number of countries. The choice between, inconsistency between ESA and EDP tables or the inconsistency between various EDP tables was not a pleasant one. A bridging or transition table between EDP and ESA table should be considered (some interventions supported this proposition). A formal materiality threshold received general support from the Members.
- (7) Concerning the action points, Eurostat was mindful of the need for prioritisation. Regarding the threshold, Eurostat already takes due account of the impact the agreed actions may have on the headline EDP figures, and then allows for differences in their time of implementation. A similar

discussion already took place in EDPS WG. The outcome was inconclusive due to lack of agreement as regards the basis on the threshold.

- (8) An intervention recalled that, in certain cases, financial entities lending money to the local government might also lend money to the enterprise sector and housing corporations.
- (9) Some members expressed their concerns about the timetable of the new MGDD for which the outcome of the CMFB consultation might not be incorporated in the 2019 benchmark revision. Eurostat confirmed that items for which there is no agreement or not much work has been done will be excluded from the 2019 MGDD update.
- (10) The Chair concluded that
  - the CMFB agreed to the proposed process of the prospective MGDD consultations, observing the request on the outstanding points for captive financial institutions;
  - it was decided to organise a dedicated half day session of the next plenary meeting to discuss the issues relevant to both statistical systems. The CMFB consultation will take place in February 2019
  - at its teleconference on 20<sup>th</sup> December 2018, the CMFB EB will decide on the parts of the manual which it would ask Eurostat to be subject to a consultation.
  - the CMFB EB would invite Eurostat to consider a proposal, as appropriate, on the issue of materiality thresholds.

## **2.2. Results of the EDPS WG questionnaire on the substantive interpretation of ESA 2010 Box 5.2 on Eurocoins (Eurostat)**

- (11) Eurostat recalled the background of the questionnaire and the results. Around 2/3 of respondents supported the view that the box was meant to be descriptive and not normative. In the same vein, 2/3 of respondents supported the view that if the sentence in the box was meant to be descriptive, this concerned the legal description and not the economic reality description. Furthermore, 2/3 of respondents were of the view that recording of Eurocoin liabilities should be according to the circumstances. The TF on Methodological Issues, focusing on substance, would examine the issue by reference to general ESA principles, in its September 2018 meeting. Thereafter the MGDD would be updated accordingly.
- (12) The Slovak statistical authorities thanked for the update, underlined the clarity of the situation and enquired about the status of their request for a CMFB consultation. Other Members suggested that this should proceed in a timely manner.
- (13) The Chair concluded that the CMFB consultation on Eurocoins would be launched with a view to provide the results for the September 2018 meeting of the TF on Methodological Issues.

## **2.3. Workshop on the classification of development banks (ECB DG-S, Eurostat)**

- (14) ECB DG-S presented the background and the draft agenda agreed with Eurostat; the one-day Workshop would take place on 13 November 2018 in Frankfurt.
- (15) The Committee thanked for the initiative and supported the draft agenda. Members emphasized that a satisfactory solution should be found for the classification of borderline cases between the two systems producing European statistics. A stock-taking was suggested to take place prior to the workshop.
- (16) The French and German statistical authorities offered to present specific cases, depending on the final agenda.
- (17) ECB DG-S thanked for the support and suggestions. Duplication of work with various ESS and ESCB work streams would be avoided.
- (18) The Chair thanked for the discussion and requested that further suggestions be sent to the CMFB Secretariat within two weeks.

## **2.4. Way forward regarding the consultation request on Energy Performance Contracts (Chair)**

- (19) Eurostat informed the CMFB that the discussions of the Methodological Task Force in June 2018 focused on the partitioning of assets, which also concerned the joint purchase of military equipment by MSs. There was agreement as regards the need to examine this in more detail.
- (20) Members recalled that an agreement on substance should precede the drafting of the consultation material, also due to the high political sensitivity of this issue. There was general support for a timely launch of the CMFB consultation.
- (21) The Chair added that a reflection period for a possible reconciliation had come to end. He concluded that the CMFB consultation would take place with particular reference to the partitioning of assets. The CMFB opinion should be available in September 2018.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(22) Request proposal for materiality thresholds for action points after EDP dialogue visits		CMFB EB
(23) Launch the consultation questionnaire on the classification of Eurocoin liabilities	a.s.a.p.	CMFB EB, CMFB secretariat
(24) CMFB opinion on the classification of Eurocoins	September 2018 TF on Methodological Issues meeting	Chair, CMFB secretariat
(25) Request inputs for the seminar on the classification of development banks	Reply deadline 25 July 2018	CMFB secretariat
(26) Launch the consultation questionnaire on partitioning of assets	a.s.a.p.	CMFB EB, CMFB secretariat
(27) CMFB opinion on the partitioning of assets	September 2018 TF on Methodological Issues meeting	Chair, CMFB secretariat

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## **3. WP ITEM I – ENSURING THE QUALITY OF STATISTICS UNDERPINNING THE MACROECONOMIC IMBALANCE PROCEDURE SCOREBOARD (SPONSORED BY VILLE VERTANEN AND AGRIS CAUNE)**

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### **3.1. ESS-ESCB Quality Assessment Report on the statistics underlying the Macroeconomic Imbalance Procedure (level 1): draft of the 2018 report (Eurostat/ECB DG-S)**

- (28) Eurostat thanked for the cooperation and referred to the major progress made by certain MSs since November 2017 in various statistical domains. A CMFB written procedure would take place with the main purpose of fact-checking.
- (29) The Committee underlined that there were no major issues with the quality of statistics underlying MIP indicators; nevertheless the messages should not be oversimplified and mirror the complexity of statistical efforts. A comment suggested reflecting the distribution of statistical quality across MS with appropriate measures.
- (30) Eurostat responded that the institutions were trying to assess all relevant quality criteria as described in the ESS Code of Practice and the ESCB Public Commitment. A scoreboard of quality had been considered, however the focus remained on the areas in need of improvements, in order to provide clear messages for the reader.

- (31) The Chair thanked for the presentation and concluded that a written procedure of two weeks would take place. He kindly requested Members to submit only factual comments.

**3.2. State of play on the alignment of the domain specific quality (level 2) reports for BOP/IIP and financial accounts (Eurostat, ECB DG-S)**

**3.3. Update on the implementation of the Memorandum of Understanding between Eurostat and ECB DG-S on the quality assurance of statistics underlying the MIP (Eurostat/ECB DG-S)**

- (32) ECB DG-S and Eurostat presented items 3.2 and 3.3 together, covering the status of quality reports on all three levels and an update on country visits. The presentation also recalled the EPC agreement to modify Auxiliary Scoreboard indicators concerning net external debt (replacement by "NIIP excluding non-defaultable instruments"), financial sector leverage (adding consolidated banking data indicators and non-performing loans) and private sector debt (separate analysis of Households and NFCs regarding consolidated household sector debt, non-consolidated private debt was dropped).
- (33) The sponsors of the national self-assessment reports (level 3) added that the coverage was nearly complete. In case there was no possibility to publish such reports nationally, the CMFB website could be of assistance.
- (34) The Chair thanked ECB DG-S/Eurostat and the CMFB took note of the update regarding the composition of auxiliary MIP scoreboard indicators. Feedback about forthcoming visits will be discussed at the next CMFB meetings.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(35) Launch the written procedure for factual comments on the level 1 report	Reply deadline 23 July 2018	CMFB secretariat

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**4. WP ITEM II – LEGAL ENTITY IDENTIFIER (LEI) AND BUSINESS REGISTERS (SPONSORED BY ALFREDO CRISTOBAL AND AGRIS CAUNE)**

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**4.1. State of Play (Sponsors)**

- (36) The sponsors presented the item and announced that the Questionnaire on the implementation of the CMFB recommendations on the mutual use of the Statistical Business Register would be launched with a deadline of 14 September 2015. Only one joint reply per MS should be sent.
- (37) Eurostat added that existing MoUs between NSI-NCB regarding the information exchange on Business Registers should be taken stock of.
- (38) Members thanked for the update, praised the regular monitoring of the BR recommendations and reminded that the LEI had important statistical implications, including the use for the mapping of company groups. However, its costs were hindering its proliferation. Concerns were expressed that new EU regulations might weaken provisions that require the use of the LEI (e.g. EMIR revision). Statistical considerations should be emphasised in the future discussions. The potential problems of using two different registers, covering financial (RIAD) and non-financial/financial groups (EGR), were highlighted. The introduction of TIN (Trade Identification Number) for customs might pose a risk as regards duplication of identifiers. Some LOUs were reducing their prices considerably, which is a favourable development as long as it does not reduce the quality of the LEI.

- (39) The sponsors thanked for the discussion and added that the current limited coverage of the LEI could hinder the development of the second layer, i.e. relationship data on groups.
- (40) Eurostat added that it had started to analyse the quality of data provided by the GLEIF, recalling that GLEIF had a number of quality measurement measures already in place.
- (41) The Chair concluded that the CMFB restated the strategic importance of the LEI and of arrangements to share/reconcile business registers in order to avoid duplication and divergence. The CMFB will continue to promote the use of the LEI in administrative business registers and consequently for statistical business registers. The proposed questionnaire on the implementation of the CMFB recommendations on the matter would be distributed in the coming weeks. The CMFB also welcomes the sharing of the national results of the questionnaire in the relevant groups of ESS and ESCB.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(42) Launch the questionnaire on implementation of the CMFB recommendations	Reply deadline 14 September 2018	CMFB secretariat

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## **5. WP ITEM III – GLOBALISATION (SPONSORED BY URSULA HAVEL AND ROBERT KIRCHNER)**

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### **5.1. ESS-ESCB cooperation on globalisation-related initiatives (Eurostat/ECB DG-S)**

- (43) Eurostat informed on the GNI pilot exercises for 25 MNEs operating across MSs. The focus was on allocation of value added and the location of intellectual property products. The pilot exercise will be finalised by the end 2019. The CMFB will be kept informed on further developments.
- (44) Members thanked for the presentation. A question was raised as regards the willingness of MNEs to participate in the GNI pilot exercises.
- (45) Eurostat emphasised that the project was a pilot and initiatives that are operational over the medium term, without amendments to the prevailing legal framework, should be preferred. The timetable was known to be tight, though the work was slimmed down as much as possible to GNI-relevant aspects. Eurostat has prepared a letter which MSs may decide to send to the involved MNEs.
- (46) The Chair thanked Eurostat and underlined that the CMFB fully supports the initiative and looks forward to receiving guidelines and updates.

### **5.2. CMFB Globalisation Workshop (GWS; 4-5 July 2018, Vienna)**

- (47) A set of draft conclusions would be circulated to the Committee. A dedicated sub-page of the CMFB website would be created to publish related materials.
- (48) The Chair and the Committee thanked again the Sponsors and Statistics Austria for the organisation and hosting the GWS.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(49) Written procedure on Chair's conclusions of the GWS	Reply deadline 18 July 2018	CMFB EB, CMFB secretariat

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

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**6.1. Developments relating to the update process of SNA and BPM (Eurostat)**

- (50) Eurostat presented the item including the institutional background, information on the Advisory Expert Group (AEG) meeting of December 2017, United Nations Statistical Commission meeting of March 2018 and the Inter-secretariat Working Group on National Accounts (of which Eurostat currently holds the Chair).
- (51) The OECD representative, as a member of the AEG, added that while indeed there was some hesitation as regards the timing for launching a full update process of the SNA, new developments may not all fit properly into the present framework. In the meantime, additional guidance and clarification is recommended, at least for three main areas: globalisation, digitalisation (with related price and productivity measures) and well-being (linked to sustainability). As per the integration of SNA and BPM6, the manuals were fully consistent although the language sometimes differs.
- (52) A comment underpinned that prior to launching the full update, the issues and potential solutions should be identified. The message about on-going reflections should however be conveyed, especially concerning digitalisation. The OECD was in the process of developing the corresponding satellite accounts. A further comment added that greater attention should be paid to user needs. Other comments suggested that, through the CMFB, it could be possible to increase chances for a “European role”, in order to better reflect common statistical needs.
- (53) Eurostat complemented that the way forward was a combination of more guidance regarding implementation issues and preparing the ground for a future update, and Eurostat's ISWGNA chairmanship would take this forward.
- (54) The Chair thanked for the update and underlined that the CMFB will closely monitor developments on the issue.

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**7. WP ITEM V: BALANCE OF PAYMENTS AND INTERNATIONAL INVESTMENT POSITION  
STATISTICS**

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**7.1. FRIBS legislative process - sponsored by Kirsten Wismer and Jacques Fournier  
(Sponsors)**

- (55) The sponsor informed the Committee about the deliberations concerning the FRIBS legal act currently discussed at the Council. Article 25 of the draft of the legal act foresees the deletion of the requirements for “International Trade in Services” components (with some relevant exceptions, such as Travel), while the complementary basic and implementing acts would shift these elements to business statistics. This proposed solution might lead to additional data requirements from Member States and jeopardise the elaboration of international trade in services according to current international standards. The sponsor stressed that the necessary ITSS breakdown for b.o.p/i.p.p. statistics should remain available as statistical output, in-line with the CMFB opinion of 12 September 2016. Two possible ways to achieve this result are deleting Article 25 (Option 1) or adopting a solution based on “bridge tables” (Option 2). However, a technical proposal would be elaborated by the ITSS Working Group on 10 July 2018 and the CMFB EB would have the possibility to reflect prior to the CWPS discussion of September 2018. Members should consider following-up on the technical proposal.
- (56) Eurostat thanked for the constructive discussion on the ITSS issue. The good news was that Council was actively working on the FRIBS proposal and making progress while Article 25 had not yet been discussed.

- (57) ECB DG-S underlined the importance of the ITSS WG meeting 10 July 2018. The current proposal (which is part of the draft Commission proposal) would result in a loss of information for b.o.p./i.i.p. This should be prevented.
- (58) Members welcomed that these ITSS details receive adequate attention at all levels. The proposed next steps were supported. The technical solution should ensure consistency, complementarity between business and macroeconomic statistics and avoid redundancy as much as possible. Option 1 was favoured, with some support for option 2 as well. Comments stressed that even if option 1 was not acceptable for all, the internal consistency of b.o.p./i.i.p. should be respected.
- (59) Eurostat added that the FRIBS legislative process was in an advanced stage. The outcome of the planned technical discussions may however lead to a resolution of this issue.
- (60) The Chair concluded that the CMFB welcomed Eurostat's willingness to take care of the concerns about preserving the integrity and quality of BoP statistics in FRIBS. The Committee was looking forward to the outcome of the technical discussions on the matter in the ITSS WG of 10 July 2018. The CMFB EB will provide an update and its reflection in time for the September CWPS meeting.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(61) Propose a technical solution so as to avoid loss of information in the BOP output	23 July 2018	Eurostat, ITSSWG
(62) CMFB EB reflection on the technical solution proposed	September 2018 CWPS meeting	CMFB EB

## **7.2. Annual report on the usage of the FDI network - sponsored by Joe McNeill and Ursula Havel (Eurostat)**

- (63) The annual report on the functioning and use of the FDI network was presented. A plea was made to use the safer methods of communication provided by the Network, rather than simple e-mail messages between Network members.
- (64) Some Members regarded the data exchange process as being somewhat heavy and slow.
- (65) ECB DG-S made a plea for a more targeted use of the FDI Network, using quantifiable objectives, combining the process information from the network and the synthetic indicators used to measure and analyse bilateral asymmetries.
- (66) The CMFB thanked Eurostat, ECB DG-S and the network members for the annual report. The CMFB underlines the importance of the network for reducing asymmetries. The CMFB recommends using the appropriate technical tools already in place to protect confidentiality in the data exchanges. Initiatives to reinforce the use of the network will be discussed in the next meeting of the CMFB EB.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(67) Propose initiatives to reinforce the use of the FDI network	CMFB EB meeting 5-6 November 2018	CMFB EB

## **7.3. Consistency issues in Balance of Payments and National Accounts – an updated view on the non-financial accounts (Eurostat)**

- (68) The Committee welcomed the excellent report and its presentation. Comments underlined that the consistency was evolving in a very satisfactory manner. Increasing the number of data

sources typically increases quality, therefore streamlining should be conducted with care. The access to certain sources is often determined by organisational matters as well.

- (69) Reinvested earning was seen by some as difficult to deal with, due to the incompatibility of imputations across various statistical frameworks.
- (70) Eurostat responded that further improvements were expected as a number of vintage effects disappear with the summer data transmissions. Concerning source vs organisation, the paper referred to a specific country situation of extreme resource restrictions (this will be further clarified in the report).
- (71) The Chair recalled that the exercise was of a regular nature, ECB DG-S will provide an update on the consistency of b.o.p./i.i.p. and financial accounts at the January 2019 CMFB meeting. The CMFB thanked Eurostat for the fine report and invited the authors to reflect on the comments. The CMFB invited MSs to take note of the current situation and consider the suggestions made for improvements.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(72) Present a report on the consistency of b.o.p./i.i.p. and financial accounts	CMFB Plenary Meeting January 2019	ECB DG-S

#### **7.4. Update of the ECB External Statistics Guideline (ECB DG-S)**

- (73) The CMFB took note and the Chair thanked ECB DG-S for the presentation.

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

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#### **8.1. State of play CMFB Big Data Task Force (Sponsors)**

- (74) The sponsors presented the draft mandate, which received overall support.
- (75) A comment was made that prior to commencing work a list of data gaps to be addressed by big data should be prepared.
- (76) The Banque de France, Deutsche Bundesbank and the UK Office for National Statistics offered their participation to the Task Force.
- (77) Eurostat recalled that duplication of work should be avoided.
- (78) The Chair concluded that the mandate was approved and a call for expression of interest would be launched. The TF will provide a progress report at the January 2019 CMFB meeting.
- (79) The Chair thanked Mr Joe McNeill, sponsor of the item and Member to the CMFB Executive Body, for his dedicated work over several years, on the occasion of his retirement foreseen for September 2018. The Committee warmly echoed his compliments.

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(80) Invite proposals for participants	Reply deadline 7 September 2018	CMFB EB
(81) Start the work of the task force	September 2018	Sponsors, chair of the task force
(82) Progress report	CMFB Plenary Meeting January 2019	Task force

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## **9. ELECTION OF THE CMFB CHAIR AND VICE-CHAIR FOR THE PERIOD 2019-2020**

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- (83) In the absence of Ms Kirsten Wismer, Mr Jacques Fournier, former chair of the Committee, proposed Mr Andrea Brandolini and Mr Gerard Eding, to become Chair and Vice-Chair of the Committee, respectively, for the period of 2019-2020. The election took place by acclamation.
  - (84) Mr Brandolini and Mr Eding thanked the Members for their trust and underlined that the CMFB would focus on further improving the cooperation between the two systems producing European statistics.
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## **10. ORGANISATIONAL MATTERS AND REPORTS**

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### **10.1. Priorities for the 2018 operational work programme (Vice-Chair)**

- (85) The Chair referred to the updated progress report as regards the implementation of the 2017-2018 work programme.
- (86) The document would be submitted for the ESF Bureau meeting of 17 September 2018.

### **10.2. Prospects for the 2019-2020 work programme (Vice-Chair)**

- (87) The Chair presented the list of priorities foreseen for the period 2019-2020. It would be formalised by the Chair and Vice-Chair elect in the coming weeks.
- (88) The document would then be circulated for a CMFB written procedure of two weeks in time for the ESF Bureau meeting of 17 September 2018.
- (89)

<i>Actions</i>	<i>Deadline</i>	<i>Responsible</i>
(90) Propose 2019-2020 work programme	In time for the meeting of the ESF Bureau on 17 September 2018	Chair, Vice-Chair elect, CMFB EB

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## **11. ANY OTHER BUSINESS**

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### **11.1. Planning of meetings**

- (91) The CMFB workshop on the classification on development banks will take place in Frankfurt, hosted by the ECB, on Tuesday, 13 November 2018 (full day).
- (92) The next CMFB meeting will take place in Frankfurt, hosted by the ECB, from Wednesday, 30 January 2019 (afternoon only) till Friday, 1 February 2019 (morning only).