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EUROSTAT

Directorate C: National Accounts, Prices and Key Indicators
Unit C-3 :Statistics for Administrative Purposes

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ESTAT/C-3/JW/RH/

**SHORT MINUTES OF THE 35TH MEETING OF THE GNI COMMITTEE
LUXEMBOURG, 22-23 NOVEMBER 2017**

1. The GNI Committee approved the **Minutes of the 34th meeting of the GNI Committee**, held on 25-26 April 2017 (GNIC/402).
2. Eurostat presented the documents **403A (Summary Quality Report), 403B and its annex and amendment (Member States), 403C (EFTA) and 403D (Opinion of GNI Committee)**. It was particularly noted that all 28 EU Member States and three EFTA countries provided their GNI returns by the legal deadline of 22 September 2017. The Croatian Quality Report needed improvements and could on the cut-off date of 30 October 2017 not be included in the GNIC document 403B; it was distributed later as amendment to this document. There were only 10 countries for which no revision of the GNI Questionnaire and/or update of the Quality Report were needed.
3. The GNI Committee **examined the data submitted in the 2017 GNI Questionnaire and Quality Reports** by the Member States and EFTA countries and the information provided in the document GNIC/403.
4. All Member States and EFTA countries confirmed that the GNI data in the **403A (Summary Quality Report), 403B and its annexes (Member States), 403C (EFTA)** are correct. The countries also explained the main changes to their GNI data compared to the ones in the 2016 GNI Questionnaire. After each country's statement and explanations of the changes, the Chair asked the delegates for questions and comments. During the discussion, some countries were asked for clarifications and further information, which was provided during the meeting.
5. As **Malta, The Netherlands and Iceland** were not present at the meeting, their confirmation of the data in the aforementioned documents 403A, 403B and its annex and amendment and 403C was done by e-mail.
6. After discussion, the Committee approved unanimously the opinion that the data are appropriate for use in own resources and the annexes to this **opinion (GNIC/403D)**.
7. The GNI Committee took note of the document on the state of play on reservations for the 28 Member States (**GNIC/404**), which is a publicly available instrument of transparency of the reservation process. In the control cycle of the ESA 95 GNI Inventories, there were in total 124 country specific GNI and 216 ESA 95 transversal reservations. All but one ESA 95 reservations have now been lifted. The one pending country specific reservation concerns Greece. Six country specific reservations have been placed, so far, in the current ESA 2010 verification cycle: four for Greece and two for Croatia. Furthermore, process-

specific reservations have been placed for the years 2010-2013 for all of the EU-27 Member States and for 2013 for Croatia.

8. The Committee discussed the main **results of the 2nd GNI Committee Questionnaire on globalisation and the next steps to progress the work**. Eurostat proposed a way forward in order to tackle globalisation in the National Accounts / GNI context and presented its proposed approach for the ESS. The proposed approach involves two interconnected branches. Firstly, the work undertaken in the context of the Early Warning System (EWS). This is when a Member State notifies Eurostat of relocation or restructuring events concerning multinational entities (MNEs). The second branch of the approach to globalisation concerns the current treatment of MNEs activities within Member States which are not relocating or restructuring. The Chair asked all delegates to express their opinion on the following steps: **a) the consolidation of the company list** derived from the GNIC follow-up questionnaire concerning globalisation; **b) The selection of a short-list of MNEs** (based on set criteria) for the initial pilot studies; **c) delegates to agree or express their opinion on the timing** of the work which will be discussed in the DMES meeting based on the information provided by the MS; **d) To ask DMES in December 2017 to commit to a work programme and to the allocation of adequate resources within the NSIs to progress the work.**
9. During the discussion the overwhelming agreement with the approach proposed by Eurostat emerged. Two countries could not agree to the proposed approach taking into account the current characteristics of their production system, which includes the use of modelling. The GNI Committee noted that there is a need to **take up a discussion** on the consistency, where appropriate, of the treatment of globalisation related aspects between different statistical domains (including different institutions) and how these different domains/institutions can work together. It is clearly necessary to further develop the necessary skill set to take the work forward, for individual countries to set up a large case unit and to continuously learning by doing. Cooperation with MNEs themselves was also seen as an important success factor of this exercise. Also, there will be a need to consider the prioritisation of our work in the GNI framework, to reach an agreement about timing of the necessary work and to consider what needs to be achieved taking into account the current 2016-2019 verification cycle. Several countries expressed a need for adequate resources to enable the work to take place and a commitment at DMES and ESSC level was essential for this to occur.
10. Several countries expressed concerns regarding the **sharing of information** and the importance of relying on an appropriate legal framework as a way forward was highlighted. Eurostat presented their interpretation of the legal possibilities to share data based on already existing legal acts, in particular Art. 21 of Regulation (EC) 223/ 2009¹. Eurostat will prepare a written note summarising this interpretation and make it available to the GNIC.
11. Eurostat presented the Outline of the **cross-country comparisons** (CCC) (GNIC/405). The Committee took note of the progress made. It was established that it would be

¹ Regulation (EC) 223/ 2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities (Text with relevance for the EEA and for Switzerland).

necessary to look into timing issues and to link the action points with the reservations; this would need to include the issue of globalisation.

12. Eurostat presented **progress reports on the following CCC**: A1 - Absence and misreporting (GNIC/406), A2 Statistical deficiencies (N7) (GNIC/407), B Balancing of GDP (GNIC/412), C Dwelling services (GNIC/413), F1 - Exports and imports of goods and services (GNIC/418), F3 - Cross-border flows of property income (GNIC/419), G1 - Research and development (Transition item 1) (GNIC/425), G2 - Weapon systems (Transition item 4) (GNIC/426). The Committee took note of the progress made on the CCC and appreciated the efforts made so far and explicitly mentioned the increased workload which is necessary due to action points resulted from the GNI information visits and the CCC.
13. Regarding the **CCC on Exports and imports of goods and services (F1)** the Committee noted the close link to the issue of globalisation (GNIC/420), thus actions resulting from these CCC will be coordinated. Few points were made which will be taken into account, in particular with respect to consistency of data across countries; at the same time the size of the problem can change depending on measures taken by the national government.
14. Eurostat presented the **reports on the GNI Information visits** to Estonia (March 2017, GNIC/408), Romania (March 2017, GNIC/409), Austria (March 2017, GNIC/410), Ireland (March 2017, GNIC/411), Belgium (April 2017, GNIC/414), Portugal (May 2017, GNIC/415), UK (May 2017, GNIC/416), Greece (May/June 2017, GNIC/417), Luxemburg (June 2017, GNIC/421), Hungary (June 2017, GNIC/422), Slovakia (July 2017, GNIC/424), Latvia (August 2017, GNIC/427), Finland (September 2017, GNIC/428), France (September 2017, GNIC/429). Due to time constraints during the meeting the GNI Committee agreed not to present and discuss during the meeting several of the mission report (GNIC/421-424, 427-429 and Item 30). The GNI Committee took note of the mission reports and welcomed the efforts made.
15. The GNI Committee took note of the **State of play on Action Points (GNIC/430)** and the **overview on Action Points C (points for Eurostat) (GNIC/431)** that were placed so far in the current verification cycle. Regarding the action points C, the Committee agreed with the way forward as presented by Eurostat for the ongoing and newly opened points. The action points HR.C1 (Benchmark estimates of CFC), LV.C1 (Estimation of IC for own account production in agriculture), CY.C1 (Consequences of reclassification of units into S13 or S15 for valuation of their output. Occurrence of Net Operating Surplus in S13), DE.C1 (Gathering of wild growing mushrooms and berries for own final consumption) and DE.C2 (Treatment of construction services less than one year and above one year) were closed.
16. Eurostat informed the GNI Committee on the **Plan for GNI information visits in the first quarter 2018 (GNIC/432)**. The Committee took note of the plan for GNI visits. The countries were invited to express their interest to participate in the missions as observers; the Chair reminded that the participation of observers in the GNI visits is an important peer review element of the transparency of the verification of GNI Inventories.
17. Eurostat presented the progress made on the **GNI Regulation**. The legislative process related to the proposed GNI Regulation is going smoothly. COREPER agreed on a negotiating mandate, and the Draft EP report on the Regulation was successfully discussed in the ECON Committee, pending amendment from ECON members. Therefore, the trilogues could start possibly already in March 2018. Apart from the amendments

proposed by the EP and the Council aiming at clarifying aspects of the Commission proposal, the use of delegated or implementing acts, as well as proposed limitation to the Commission implementing powers could deserve further discussion.

18. The Committee took note of the **follow-up on legal acts and GNI Committee recommendations** (GNIC/433). Eurostat presented a **proposal to update the Commission Decision on VAT fraud** (No 98/527/EC) and to rename it to "on the treatment for national accounts purposes of non-collected VAT due to VAT Fraud without complicity and due to insolvency (the discrepancy between theoretical VAT receipts and actual VAT receipts)" (GNIC/434). After a lively discussion about certain elements, the Chair invited the GNI Committee members to **provide concrete drafting suggestions and notes on the calculations**, if problems are seen in the presented method, and to indicate if they see still a **need for further discussion of certain elements by end of January 2018**.
19. The Committee took note of the Eurostat information on the **ESA 2010 Quality Reporting** as presented by Eurostat.
20. Eurostat presented the **results of the impact assessment**, a one-off exercise to roughly estimate the expected revisions of GNI in 2018 and 2019. The Chair thanked the GNI Committee members for the contribution to this exercise and underlined that, with regard to the results of this exercise, strict confidentiality will be followed.
21. Eurostat presented a brief update about the 2017 grants; there are 7 grant agreements related to GNI. Concerning the 2018 grants, Eurostat reminded the GNI Committee members about the possibility to apply for grants for exchange of best practices, including the possibility of country visits or the participation in task forces or workshops taking place in Luxembourg or in a Member State (including travel costs).
22. Eurostat informed about the **activities of the European Court of Auditors (ECA)**, in particular the 2016 Annual Report in which the ECA issued recommendations relating to the analysis and recording of multinational activities and to the confirmation of the correct coverage of R&D assets in the ongoing GNI verification cycle.
23. Eurostat thanked the 25 countries that agreed giving **access to their GNI Inventories to external experts** in a written procedure. Eurostat presented the **Commitment of statistical confidentiality**, which has been signed by the external experts contracted by Eurostat to work on balancing (CCC B) and missing traders (part of CCC F1). The remaining countries are encouraged to reconsider their position. To facilitate this Eurostat will check with the legal service whether a copy of the signed commitments could be made available to those countries who requested such access in the meeting.
24. The Committee approved the **approach proposed by Eurostat for the GNI revisions planned by Denmark in November 2018 and 2019** (GNIC/436). Moreover, Denmark gave an update on their ongoing work on changing their revision policy of national accounts data based on a proposal prepared by Statistics Denmark and the Central Bank of Denmark and informed the Committee that the current planning foresees, for the year 2020, a change of the annual revision from November to July.
25. The Committee took note of the follow-up of the **list of non-material issues (GNIC/437)**, which is the register of instances found to be below the applicable materiality threshold and agreed on the updating and review at each GNIC meeting.

26. With regard to the **Transparency Regulation**, the Chair proposed that all documents should be freely disseminated in CIRCABC, apart from the GNI Questionnaires and Quality Reports (GNIC/403B and its annex and amendment and GNIC/403C) because they contain sensitive Member States data, the reports on GNI Information visits (GNIC/408-411, GNIC/414-417, GNIC/421-424, GNIC/427-429), state of play of cross-country comparisons and all progress reports on CCCs (405-407, 412, 413, 418, 419, 425, 426), on globalisation (GNIC/420), on Action points and Action points C (GNIC/430 and 431), the review of legal acts and recommendations (GNIC/433 and 434), on the impact assessment (GNIC/435), on the Revised Danish GNI data after the September deadline (GNIC/436) and on the list of non-material issues (GNIC/437), and all Power-Point presentations relating to agenda items on which no published document has been presented; all these documents represent work in progress.
27. Before closing the meeting, the Chair returned to the mission reports the presentation of which was not possible during the meeting. Despite the Eurostat intention to keep the GNI Committee fully informed about the progress of the verification cycle, it appears necessary to reflect on the increasing number of documents to be presented to the Committee and to find more time for more substantive issues that should be discussed in the GNI Committee. The Chair invited the members of the Committee to provide proposals how to make this process more efficient with the objective to filter out the points of substance: these proposals should refer to the whole meeting. They should be sent to Eurostat by end-January 2018.
28. The next meeting of the GNI Committee is tentatively scheduled for 25 - 27 April 2018.

For further details: Ralf HEIN (38396)

LISTE DES PARTICIPANTS - LIST OF PARTICIPANTS – TEILNEHMERLISTE

Date : **22-23 November 2017** Code de la réunion : C25000

Titre de la réunion : **Gross National Income Committee**

DELEGATIONS	ADMINISTRATION - Adresse du bureau - Office address - Büroanschrift,	DELEGATIONS	ADMINISTRATION - Adresse du bureau, - Office address - Büroanschrift
BELGIQUE/BELGIË	NBB	HUNGARY	Hungarian Central Statistical Office
BULGARIA	National Statistical Institute		
CZECH REPUBLIC	Czech Statistical Office		
DANMARK	Danmarks Statistik	ÖSTERREICH	Statistics Austria
DEUTSCHLAND	Statistisches Bundesamt	POLAND	Central Statistical Office of Poland
ESTONIA	Statistics Estonia	PORTUGAL	INE
EIRE/IRELAND	CSO	ROMANIA	National Institute of Statistics
ELLAS	Hellenic Statistical Authority	SLOVENIA	Statistical Office of the Republic of Slovenia
ESPAÑA	INE	SLOVAK REPUBLIC	Statistical Office of the Slovak Republic
FRANCE	INSEE	SUOMI/FINLAND	Statistics Finland
ITALIA	ISTAT	SVERIGE	Statistics Sweden
CROATIA	Croatian Bureau of Statistics	UNITED KINGDOM	Office for National Statistics
CYPRUS	Statistical Service of Cyprus		
LATVIA	Central Statistical Bureau of Latvia	NORWAY	Statistics Norway
LITHUANIA	Statistics Lithuania	SWITZERLAND	Swiss Federal Statistical Office
LUXEMBOURG	STATEC		