

MINUTES OF THE CMFB MEETING HELD ON 30 JANUARY 2014

(Final – 13 June 2014)

1. OPENING

- (1) The Chairman welcomed participants and thanked the ECB for organising the meeting in Frankfurt. He recalled the adoption of the CMFB work programme on cross-cutting and transversal issues by the European Statistical Forum (ESF) in November 2013 that is to be implemented by the CMFB, which had resulted in a great amount of work for the Committee.

2. ADOPTION OF THE AGENDA

- (2) The only significant change in the agenda as compared to the draft versions was the upgrade of item B.3 (Financial Accounts Working Group – Progress Report) into an item for discussion.
- (3) The agenda was adopted.

3. ORGANISATIONAL MATTERS AND REPORTS (CHAIRMAN)

3.1. Implications of the November 2013 meeting of the European Statistical Forum

- (4) The Chairman reported that the ESF Bureau held its first meeting in September 2013, as required by the ESCB-ESS Memorandum of Understanding (MoU). Prior to the meeting, the CMFB had submitted a proposal for the work programme on cross-cutting and transversal issues. Three out of seven proposals were agreed upon and recommended to the ESF for adoption at its first meeting in November 2013. No agreement was reached on the remaining four items, which were therefore submitted to ESF for decision.
- (5) The ESF decided that those items in the CMFB proposal that had attracted the support of all members of the Forum Bureau are to form part of the Committee's work programme. Specifically, these are items 1.1, 1.2 and 1.3. The other items, with one exception, where the majority but not all of the Forum Bureau endorsed the proposals, are also to form part of the work programme but should have lower priority than the previous ones (2.1, 2.2 and 2.3). An exception is the proposal relating to FRIBS, which was put on hold, pending further discussions within the ESF Bureau.
- (6) The resulting CMFB Work Programme was substantial and heavy, therefore the Executive Body (EB) had agreed to assign two EB Members as sponsors or executive leads to each of the six items.

3.2. Nomination of a new member to the CMFB Executive Body

- (7) The Chairman formally noted that Gerard Eding (CBS) had been elected via a written procedure concluded on 22 November 2013, without any objections from the Members of the Committee.

¹ Only for internal use by organisations/institutions represented in the CMFB (under the responsibility of the CMFB representative). Not for wider dissemination.

4. EXCESSIVE DEFICIT PROCEDURE (EUROSTAT)

A. PRESENTATION

- (8) Eurostat introduced the report and mainly underlined that the amendments to Council Regulation 479/2009 underlying the compilation of EDP statistics were under discussion at the level of the EFC. A Commission Regulation was in the pipeline, but its substance was limited to changing references from "ESA95" to "ESA2010" in the Council Regulation 479/2009. This also included abandoning specific adjustments for "swaps and forward rate agreements" (EDP D.41). Potential further amendments were considered.
- (9) Eurostat drew up an overview of recent Eurostat decisions and possible requests for CMFB consultations. The state of play concerning the discussions in the Financial Accounts Working Group (FAWG) was touched upon as well as the regular publication of quarterly debt and deficit figures.

B. DISCUSSION

- (10) While not prejudicing the outcome of the discussion on Council Regulation 479/2009 at the political decision making level, a number of Members highlighted that in this period of implementing of new standards (ESA2010 and the pertaining edition of the Manual on Government Deficit and Debt), stability should prevail over potential genuine improvements to the definitions of Maastricht debt, such as the inclusion of trade credits. The aspect of lack of data quality for certain proposed improvements was also recalled.
- (11) A Member noted that at the last meeting of the FAWG in December 2013 a number of changes were proposed to the EDP questionnaire tables, which were potentially far reaching and would not provide additional information for all Member States.
- (12) Eurostat took note of the call for stability in the current reporting systems and replied that the questionnaire tables were under discussion with Member States on a continuous basis and would obviously be adapted to the outcome of the discussions on Council Regulation 479/2009. The tables would also be discussed at the forthcoming meeting of the DMES.

C. CONCLUSION

- (13) The Chairman thanked Eurostat for the clear report and thanked the CMFB members for their comments.

5. WP ITEM 1.1 – ENSURING THE QUALITY OF STATISTICS UNDERPINNING THE MACROECONOMIC IMBALANCES PROCEDURE SCOREBOARD (SPONSORED BY EMIL DIMITROV AND KIRSTEN WISMER)

5.1. Draft report of the CMFB Task Force on the quality of the statistics underlying the MIP indicators and the way forward (ECB DG-S/Eurostat)

A. PRESENTATION

- (14) Kirsten Wismer, in her capacity as Co-Sponsor, introduced the item by explaining that the report was submitted for comments to the TF and CMFB in parallel, along with the comments of the sponsors made on the draft report. She proposed a deadline of 7 February 2014 for receiving comments from TF Members. The work of the TF was independent from the legal proceedings in the European Parliament and Council.
- (15) The Eurostat Co-Chair, Ales Capek, described the item as one with top priority, as confirmed by the ESF and briefly recalled the composition of the group (17 Member States, 13 NSIs, 10 NCBs),

including its Chairs and Secretariat that were shared between ECB and Eurostat. Eurostat praised TF Members for their proactive attitude, fruitful discussions and apologised for the delayed submission of the report. The TF deliverables originating from the mandate were briefly summarised.

- (16) The ECB Co-Chair's, Werner Bier's, presentation focused on the follow-up to the work carried out by the TF. A short extension of the lifetime of the TF was suggested in order to finalise the report and questions relating to the publication were discussed. The ECB proposed to submit the report to the ESF along the new reporting lines. The conclusions of the first ESF meeting were recalled, which required the ECB and Eurostat, in-line with the opinion of the Economic and Financial Committee (EFC), to prepare a draft ESS-ESCB communication for the public and other external stakeholders, explaining the efforts made to further enhance quality in this domain. A letter summarising the follow-ups, possibly prepared by the Chairman of the CMFB, was recommended as well.
- (17) Emil Dimitrov, in his capacity as Co-Sponsor of the item, underlined the importance of communication between institutions producing national statistics. He added that the visibility and potential impact of these figures were very high (e.g. their use for the Alert Mechanism Report). Their comparability across Member States was essential, calling for the application of clear and up-to-the-point quality assessment templates.

B. DISCUSSION

- (18) Most interventions welcomed the draft report, praised the Members of the TF for their contributions and argued for providing sufficient time for the TF to complete its work. The importance of formulating an action list and developing the corresponding timetable and allocating responsibilities was also a recurring point during the discussion.
- (19) The appropriateness of the proposed three-level approach to quality assurance and the choice of quality principles were broadly agreed.
- (20) Several comments emphasised that the constructive proposals made by the TF should not go unnoticed by the legislative co-decision procedure. A need for finding an efficient way of having an impact on the political decision making process was expressed by a number of representatives.
- (21) As there were high expectations prevailing, both at the local and European level, as regards statistical quality, a number of delegates underpinned the urgency of a clear and straightforward communication on the ESS-ESCB level. Concerning the longer term, the necessity for gradual quality improvements, starting at the national level, was underlined.
- (22) Some participants were of the view that the TF report left a number of questions open and the difference between quality reports and inventories was unclear. It was further stated that the work on country templates for quality declaration/inventories should be coordinated between the ESS and the ESCB. Besides, developing inventories was seen by some Members as low priority and not strictly necessary.
- (23) Eurostat confirmed that the development of templates would be a slower process, not overburdening producers, and welcomed the focus on quality assurance at national level. In respect of the legal process, Eurostat explained that the proposal submitted to the Council could not be amended at this stage of the legislative process by the Commission, but was often in-line with the recommendations of the TF and sanctions were within the Commission proposal not the most important element. The ECB commented that the European Parliament had indeed a strong focus on the possibility of imposing fines and sanctions. Clear communication on the existing quality assurance procedures was an indispensable precondition to work towards the most efficient outcome.

C. CONCLUSION

- (24) The Chairman concluded that the discussion had been fruitful. The Task Force should continue its work beyond the Plenary and reach conclusions as soon as possible. Its report should be finalised

by end-February and for that reason, comments were needed within one week following the Plenary. He also added that more information on timelines, roles and responsibilities was necessary.

- (25) The Chairman emphasised that in parallel to the completion of the TF report, communication plans should be drawn up as to whom, what and how the CMFB should communicate in order to gain the maximum impact possible.
- (26) Concerning the legislative process, the Chairman reflected that the European Commission might have moved somewhat prematurely, i.e. before there was full clarity concerning the objective of the regulation. Any issues arising from this could however be handled with normal procedures. In parallel with the legislative process, the CMFB, in-line with the conclusions of the ESF and with the involvement of Sponsors, would continue working on the matter..

6. WP ITEM 1.2 – COORDINATION OF A CONSISTENT RESPONSE TO INTERNATIONAL INITIATIVES SUCH AS SDDS PLUS (SPONSORED BY AGNES NAARITS AND GERHARD ZIEBARTH)

6.1. The future adoption of SDDS Plus by EU Member States (ECB DG-S/Eurostat)

6.2. The Dutch experience with SDDS Plus (CBS/DNB)

6.3. The Portuguese experience with SDDS Plus (BdP)

A. PRESENTATIONS

- (27) The co-sponsor, Gerhard Ziebarth noted that the value of SDDS Plus originated from Europe's own interest of supplying good quality statistics, acting upon the strong signals from policy makers as well as national and international users, SDDS Plus offered an opportunity to show the strength of European statistics. An overwhelming majority of the Committee already expressed support during the discussions in the previous year.
- (28) The ECB, as a Member of the Interagency Group on Economic and Financial Statistics, also reiterated its full support for SDDS Plus, which was a step in the direction of closer cooperation at the G20 level. The ECB had hosted an EU regional conference in 2013 and would do so in 2014 as well, while the FSB/IMF Global Conference on 25-26 June 2014 would be most likely hosted by the FSB in Basel. Following the implementation of new statistical standards, European countries would be very well placed to comply with SDDS Plus (as the extra requirement was rather marginal) and that this occasion should be used for demonstrating the quality of European statistics. A short questionnaire was under development for collecting the plans of Member States.
- (29) The IMF delivered a short presentation emphasising the voluntary nature of the exercise, nine additional data categories, transition period until end-2019 to meet them, required steps for compliance and recent developments.
- (30) The Central Bureau voor de Statistiek (CBS) presented the Dutch experience with SDDS Plus, underlining the positive attitude that had prevailed towards the SDDS Plus initiative from the start and adding that the Netherlands was already compliant with five² of the nine data categories under SDDS Plus. The rest would follow the implementation of ESA 2010 and BMP6.
- (31) The Banco de Portugal (BdP) gave its overview on the Portuguese state-of-play with SDDS Plus. It was compliant with six of the nine additional data categories³ and would likely be among the first group of countries to fully adhere to the standard.

² Debt securities, Financial Soundness Indicators, Coordinated Direct Investment Survey, Coordinated Portfolio Investment Survey, Currency Composition of Official Foreign Exchange Reserves.

³ Financial Soundness Indicators, General Government Operations, General Government Gross Debt, Coordinated Direct Investment Survey, Coordinated Portfolio Investment Survey, Currency Composition of Official Foreign Exchange Reserves.

B. DISCUSSION

- (32) An intervention enquired about the timeframe of the new IMF Government Finance Statistics Manual (GFSM) as this had relevance for compliance. The IMF explained SNA 2008 is the basis for the GFSM and for the purposes of SDDS Plus, either GFSM 2001 or the future GFSM 2014 could be used.
- (33) Austria mentioned it already fulfilled five of the SDDS Plus categories and two more were close..
- (34) Questions were raised concerning the exact interpretation of the transition period to meet all nine additional data categories until end-2019, asking if SDDS Plus would not be open for countries to join beyond this date. The IMF responded that there was no closing date for SDDS Plus. But after the transitional period countries had to fulfil all nine categories from the date of joining the initiative. He also made clear that in all cases, a formal letter from the IMF Governor of the country to the Secretary of the Fund would commit the country to SDDS Plus.
- (35) It was noted that a limited set of modifications to SDDS Plus would be discussed informally by the IMF Executive Board in the near future. CMFB members made a few suggestions in this connection.
- (36) Finally, there was a plea for applying the global Data Structure Definitions on national accounts and balance of payments for any provision of SDDS Plus statistics.

C. CONCLUSION

- (37) Agnes Naarits, as Co-Sponsor of the item concluded that the questionnaire concerning country plans should be drawn up quickly and suggested a deadline of one week for written comments for the Committee. The Executive Body meeting of May 2014 would review the results and report them at the Plenary meeting of July 2014. First results might also be reported at the EU Regional Conference on the G20 Data Gaps initiative and SDDS Plus at the ECB premises on 8 May.
- (38) The Chairman agreed with the conclusion of the Sponsors and set out the task for the July Plenary to produce the way forward.

7. WP ITEM 1.3 – FURTHER DEVELOPMENT OF THE EURO AREA INTEGRATED ACCOUNTS (SPONSORED BY JOÃO CADETE DE MATOS AND GERARD EDING)

7.1. Further integration of the production process between the ESS and ESCB in order to improve the timeliness (ECB DG-S/Eurostat)

A. PRESENTATION

- (39) Gerard Eding, as co sponsor of this work package, underlined the need for greater harmonisation in production and coordinated revision policies. He envisaged a corresponding questionnaire.
- (40) The joint ECB/Eurostat presentation stressed that new data transmission requirements allowed for a significant improvement in timeliness, the Euro Area Accounts could be ready for publication 26 days earlier. This would render the publication relevant for the Governing Council meetings of January, April, July and October. Such a development required, in particular, the availability of timely euro area building blocks from the ECB's financial statistics (e.g. MUFA "supplementary data" 25 days earlier, and other sources on MFIs, FVC, IF, Pensions and Insurance Co., security statistics, and BoP/IIP) and provisional non-financial sectoral accounts (finalised estimates at t+3 months) from Eurostat 5 days earlier than at that time. Hence, at around t+95 days, Eurostat and the ECB would publish their first Press Releases (in particular on Households and NFC), and followed by more comprehensive and updated second releases at around t+105 to t+115 days. The previously adopted MUFA Guideline and ESA Transmission Programme provided for the required timeliness improvements. In addition, it was important that the data pool was available to the ESTAT-ECB

compilation team immediately and simultaneously solely for the purpose of compiling euro area aggregates.

B. DISCUSSION

- (41) One member asked about the potential of the monthly balance of payments figures (available at t+30 days) as a building block for the accounts. The ECB responded that this dataset was lacking the detailed, sectoral counterpart information, which is only available with quarterly frequency.
- (42) A number of interventions stressed that supplementing the enhanced non-adjusted euro area accounts soon with seasonally adjusted results was important. It was confirmed that the seasonal adjustment of the accounts would be performed at the level of euro area aggregates and not at the level of country data.
- (43) Eurostat noted that it was difficult to anticipate whether revisions between first releases on euro area quarterly non-financial accounts at around t+95 (based on provisional data transmission at t+85 days) and second releases at around t+105-115 (based on finalised data transmission at t+3 months) would disturb the communication of the improvements. The ECB expressed more certainty as regards the financial side of the euro area accounts and expected that the improved timeliness would not be detrimental to the reliability of the data. This was helped by improvements in source data that had been implemented in the previous years.

C. CONCLUSION

- (44) João Cadete de Matos, as Co-Sponsor of the item, concluded that (i) the ECB and Eurostat presentations clearly identified the achievements and underlined the challenges and that (ii) Member States were supportive of the proposed EU approach. He recalled that European institutions would need a shared data pool simultaneously available immediately after its transmission by Member States, but solely for the purposes of compiling timely euro area aggregates. He further underlined the importance of Eurostat-ECB disseminating, at European level, an integrated set of euro area accounts encompassing both the financial and non-financial accounts as a complete accounting system and not only sector by sector. Over time, it could be expected that revisions between the national preliminary transmission of QSA at t+85 and the regular transmission at t+90 would tend to decrease. Additional developments concerning the compilation of the Rest of the World account and revision policies across national accounts and balance of payments statistics were expected.
- (45) The Chairman confirmed the high priority of this work and raised a plea for the maximum help the CMFB could offer.

7.2. Euro Area Accounts Household Booklet (ECB DG-S)

A. PRESENTATION

- (46) The ECB presented the Euro Area Accounts Household report. The motivation for this product was to improve the communication of the accounts, outreach beyond the traditional user base and to meet the increased interest, after the financial crisis, concerning the economic situation of households as well as individual country data.

B. DISCUSSION

- (47) Participants welcomed the presentation of the euro area figures, but a series of comments recalled that the Booklet was work in progress and that some of the country results might not be very easy to understand. They further explained that wide dissemination of this information could have very direct consequences and footnotes would be useful to highlight specificities of national data.
- (48) An intervention wished a clarification on the use of seasonally adjusted time series and expressed a preference for using them for calculating quarter-on-quarter growth rates. The ECB agreed, in

principle, with this approach, but recalled the relatively low availability of such series. The Booklet presented mostly raw data and four quarter moving flows, but could be developed further in the direction of seasonal-adjusted time series.

C. CONCLUSION

- (49) The ECB shared the concerns that country specificities would need to be explained so that users could make comparisons and promised to follow-up on this issue. The WG EAA and the STC would discuss and develop a proposal on the communication or dissemination of the Booklet outside the ESCB at a later stage.
- (50) Eurostat added that 32 interactive charts and tables were available on a dedicated part of its website, supplementing the information contained in the Booklet.
- (51) The Chairman concluded the item, in line with these summaries.

8. OTHER ITEMS OF THE CMFB WORK PROGRAMME

8.1. WP Item 2.1 – Promotion of the utilisation of the Legal Entity Identifier (LEI) in statistical production (European Vice-Chair of the Legal Entity Identifier Regulatory Oversight Committee (LEIROC)) Sponsored by Alfredo Cristobal and Jacques Fournier

A. PRESENTATION

- (52) In the absence of the Vice-Chair of LEIROC, Banque de France presented the item. The Co-Sponsors, Alfredo Cristobal and Jacques Fournier, introduced the item as a very important on-going development. They orientated the discussion by asking: (i) if the LEI could be interesting for the statistical community; and (ii) what role the CMFB could sensibly play. A proposal was made of conducting a stocktaking exercise until May 2014 to explore further the possible uses of the LEI in support of European statistics.

B. DISCUSSION

- (53) A question was asked about the relationship of the LEI to the Eurogroup register maintained by Eurostat. The ECB explained that the Eurogroup register was a mapping tool for groups, driven by different possibly criteria (e.g. ownership) and fed with commercial data of varying quality. The LEI might become suitable to feed this system over the medium term.
- (54) A comment highlighted that the initiative seemed to be dominated by the private sector and that it was unclear if statisticians could still join and have an impact. A membership in the LEI Committee on Evaluation and Standards (CES) would have particular relevance. The Banque de France was asked to explore whether and how statisticians may join the CES.

C. CONCLUSION

- (55) The Chairman concluded that a concise questionnaire would make sense to help the Committee familiarise itself further with the LEI and its uses.

8.2. The WP Item 2.2 – Implementation of the new international standards (ESA2010 and BPM6) and required changes to Regulations and Guidelines (ECB DG-S) (Eurostat) – Sponsored by Luigi Cannari and Agnes Naarits

A. PRESENTATION

- (56) Agnes Naarits, as Co-Sponsor of the item, outlined the general issue regarding the perception of the introduction of ESA2010 and BMP6. The underlying reasons needed to be well understood and it was not too late for the ESS and the ESCB to cooperate on the issue of coordinated communication.

- (57) Eurostat underscored the uncertainty around the change in the macroeconomic statistics of Members States. The presentation recalled the main lines of action as regards the changeover to ESA 2010: (i) a dedicated website; (ii) communication on the impact of the transition on GDP; and (iii) the impact on EDP data. Eurostat expressed its support for coordinated communication activities and announced that a high level conference of national accounts would take place 12-13 June 2014 in Luxembourg with a session dedicated to the impacts of the new standards.
- (58) The ECB recalled the negative reception of the new statistical standards in some countries and urged preventing such an experience repeating itself by a more proactive approach to communication. Criticism of one of the statistical systems producing European statistics was damaging for the other as well; close cooperation was therefore necessary. Among other activities, the ECB would develop a list of Frequently Asked Questions and organise together with Eurostat a dedicated conference in autumn 2014 (in addition to the seventh ECB Statistics Conference of the Banking Union in October 2014).

B. DISCUSSION

- (59) All interventions confirmed the need for coordinated communication policies and joint events between the ESS and the ESCB. There was also a pronounced need to cover not only national accounts, but also balance of payments, the international investment position and financial accounts more deeply than had been the case to date. The need for a proper balance between active (conferences) and passive (websites, untargeted press releases) communication was also mentioned.
- (60) One participant suggested that closely following the publication of the first figures, an ECB-Eurostat publication could summarise the methodological changes and provide information on national contributions to the total impact as well. This could be done by groupings of countries compared to individual countries.
- (61) Another comment remarked that the inclusion of the illegal activities in GDP could trigger allegations that the changes were contrived, with the real purpose being to reduce the indebtedness ratios.

C. CONCLUSION

- (62) The Chairman summarised that while Eurostat had started moving towards a workable strategy, central banks seemed at a slightly less advanced stage. Communication plans, at least in part, had to be built around a European spine. Furthermore, communication ought to go beyond cross references across individual domains, should not be scattered or isolated, but provide users a clear and comprehensive picture as regards the impact of ESA 2010 and BMP6. He also recalled that impacts and explanations should be communicated in a proactive manner.
- (63) The CMFB Executive Body meeting of March 2014 would take stock on the progress and explore coherency of plans. A fact-finding exercise, conducted via written procedure, might be launched to support this work.
- (64) Eurostat added that more information on the impact of BMP6 would be useful and also recalled that 28 different communication strategies were clearly suboptimal.

8.3. WP Item 2.3 – Coordination of GFS discussions, implementation issues related to the ESA2010 and the associated Manual on Government Deficit and Debt (ECB DG-S/Eurostat) – Sponsored by Alfredo Cristobal and Jacques Fournier

A. PRESENTATION

- (65) As the political discussions were not concluded at the time of the meeting, the Sponsors (Alfredo cristobal and Jacques Fournier) presented two illustrative issues (standardised guarantees and the treatment of public-private partnerships) for consideration of the plenary These were potential examples for use in a potential questionnaire to collect views on the possible implementation issues in relation to GFS.

B. DISCUSSION

- (66) The ECB expressed its support for awaiting the political agreement on Council Regulation 479/2009. A clear framework would properly place the Committee to make a technical contribution.

C. CONCLUSION

- (67) The Chairman agreed to proceed as suggested by the Sponsors once the political agreement was reached.

9. FINANCIAL ACCOUNTS WORKING GROUP – PROGRESS REPORT (CLASSIFICATION OF CERTAIN FINANCIAL ENTITIES UNDER ESA 2010) (EUROSTAT)

A. PRESENTATION

- (68) Banca d'Italia recalled its concerns regarding a statement in the minutes of the Financial Accounts Working Group (FAWG) meeting of 4-5 December 2013, as per the classification of financial entities under ESA 2010: *“It was agreed and concluded by the FAWG that the statistical classification of entities with clear features of defeasance structure should be decided by NSIs according to National Accounts rules and not based anymore on the MFI list.”* It was stated that the ESA2010 did not differ in substance from the ESA95 as to allow this interpretation.

B. DISCUSSION

- (69) The ECB recalled that the Committee had dealt with the problem of financial defeasance structures in 2012 and concluded that their classification required close collaboration between the ESS and the ESCB, as also elaborated in the Manual of Government Deficit and Debt. Furthermore, the European Parliament and Council allocated the responsibility of defining the MFI sub-sector to the ECB. The ECB suggested setting-up a small Task Force of about three NSIs and NCBs to prepare a written procedure under Article 6 of the CMFB Rules of Procedure to develop a substantial and lasting solution.
- (70) Eurostat repeated that the nature of the activities of the units as described by the ESA 2010 should be the leading principle for their classification rather than formal inclusion in the list compiled by the ECB and that Eurostat had the ultimate right in the interpretation of the ESA 2010 statistical standard.

C. CONCLUSION

- (71) The Chairman emphasised the need for consistency. He proposed taking the issue forward by a small Task Force steered by the ECB and Eurostat, possibly followed by a written consultation procedure.

10. ANY OTHER BUSINESS

- (72) The following CMFB Plenary was planned for 3 July 2014 to take place in Luxembourg.