

**MAIN CONCLUSIONS AND LIST OF ACTIONS OF THE**  
**CMFB MEETING HELD ON 2-3 JULY 2009**

(Short version, preliminary and subject to change – 14 July 2009)

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**1. OPENING OF THE MEETING**

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The Chairman opened the meeting. Interpretation was available in English, French, German, Italian, Portuguese, and Spanish.

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**2. ADOPTION OF THE AGENDA**

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The Chairman announced that Walter Radermacher, Director General of Eurostat, would join the meeting and make a presentation on the Eurostat response to the statistical issues arising from the government interventions in relation to the financial turmoil, also in relation to CMFB opinion of 18 March 2009, see item 5.1. The agenda was adopted.

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**3. ORGANISATIONAL MATTERS**

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**3.1. Organisational matters (Chairman)**

The Chairman announced that all CMFB members had supported the election of Ms Helka Jokinen, Bank of Finland, for the CMFB Executive Body, replacing Ms Edit Gódorné Kaló. This had become effective as of 3 June 2009.

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**4. STATISTICAL CONSEQUENCES OF TURMOIL IN FINANCIAL MARKETS**

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**4.1. ESS Action Plan – Progress report (Eurostat)**

Eurostat provided a brief overview of the ESS action plan. It was observed that the existing procedures worked well, and that coordination and communication aspects had been strengthened and awareness had been raised. Eurostat emphasised the work carried out by the CMFB Task Force on the statistical accounting consequences for government of the financial turmoil.

Eurostat also mentioned that international organisations had been informed about the ESS Action Plan. An interagency group had been established and a web-site had been set up with relevant indicators from the G20.

The UK drew the attention of the CMFB to the 'International Timeline of Policy Responses to Global Financial Crisis' prepared and updated by the New York Fed.

#### **4.2. ESCB initiatives in the context of the financial markets turmoil (ECB DG-S)**

The ECB made a short presentation of the ESCB initiatives aimed at strengthening the information on financial statistics. The CMFB appreciated being informed about ESCB initiatives in this area as this will have a positive impact on economic statistics in general

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### **5. EXCESSIVE DEFICIT PROCEDURE**

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#### **5.1. EDP activities – Progress report (Eurostat)**

Eurostat presented the developments since February 2009 for the EDP. There were some questions regarding the forthcoming CMFB consultation on revised EDP Tables and Questionnaires and the associated resource requirements. It was noted that thresholds had been introduced in the EDP Tables and it was concluded that the CMFB consultation would be launched as soon as possible. Regarding the TF on the statistical accounting consequences for government of the financial turmoil, it was decided that it would be reconvened if necessary.

Subsequently, Walter Radermacher, Director General of Eurostat, informed the CMFB about the background of the forthcoming Eurostat decision scheduled for 15 July 2009.

The CMFB thanked Walter Radermacher for his clear and comprehensive presentation regarding the process leading to a Eurostat decision on statistical accounting consequences for government of the financial turmoil.

The CMFB welcomed the fact that Eurostat has reached a decision and appreciated that it will be published shortly.

The CMFB took note of the intention of Eurostat to develop supplementary tables, in consultation with the FAWG, to enhance transparency regarding the statistical impact of the operations undertaken by government during the financial turmoil. The CMFB acknowledged the motivation behind the development of these tables.

Given the indication that Eurostat's decision is not fully aligned with the CMFB opinion, several members of the CMFB expressed serious concerns.

Finally, the CMFB supported Eurostat on the importance of full and clear communication to the public.

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### **6. REVISION OF INTERNATIONAL STANDARDS**

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#### **6.1. 2008 SNA - Progress report (Eurostat/ECB DG-S)**

Eurostat presented a progress report on the finalisation of the 2008-SNA.

#### **6.2. Revision of ESA-95 – Progress report (Eurostat)**

##### **6.2.a. General progress**

Eurostat presented a progress report emphasizing the need to follow the revised timetable for the ESA-95 revision.

##### **6.2.b Market/non-market output**

DG ECFIN made a presentation indicating that some government data are difficult to use for economic analysis and suggested to extend the perimeter of general government to include public enterprises, which

fundamentally do not act as private enterprises (i.e. permanently loss making). Furthermore, it was suggested that reinvested earnings/losses of public enterprises should be recorded in the government accounts. Several CMFB members suggested that the issue of reinvested earnings should be treated in a general National Accounts context - not just in an EDP context -, and that it should be included in the short-term research agenda for the ESA. It was proposed to prepare a survey with Member States on this issue.

Eurostat presented the results of a survey regarding the 50% rule for public enterprises. A large majority was in favour of maintaining the 50% rule, but it should be supplemented by qualitative criteria. Furthermore, several suggestions for the improvement of the quantitative criterion were made.

The CMFB agreed to these proposals and encouraged Eurostat to examine the issue further, in particular in light of the ESA revision timetable and because of the importance of the issues.

### **6.2.c Transmission Programme**

Eurostat presented a proposal for the new ESA transmission programme. The CMFB generally welcomed the first discussion, and especially that strategic issues were being raised well in advance of the discussions at the Council. Some CMFB members noted that the document should take further account of producers' point of view and of priorities. Resource issues could be taken up at a later stage in the political process.

It was also mentioned during the discussion that the transmission programme should be brought into a broader perspective whereby the "horizontal" consistency and coordination was ensured, e.g., with balance of payments and financial accounts, as well as setting "vertical" requirements on source data.

The CMFB agreed

- that there is a need for a stable transmission programme, which is related to structural needs;
- that there is a preference to include core accounts and supplementary tables into the legal act but not satellite accounts (environment, etc); in this respect, it was noted that the inclusion of some supplementary tables may lead to a delay in the legal process, and that a cost/benefit analysis should be made;
- that several members expressed concern about timeliness versus reliability, and underlined the need for a feasibility study on flash estimates at 30 days; other options such as flagging of national data (to be used only for the purpose of compiling EU aggregates);
- that, more in general, different requirements for smaller member countries should be made possible, leaving open the question on how to implement this;
- that there is a need to consider the legal procedures for amending the future transmission programme, thereby taking account of the importance of the amendments and the resource impact;

The Chairman concluded that the concerns are recognised by the CMFB and that Eurostat will examine the best way forward.

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## **7. PUBLIC FINANCE STATISTICS**

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### **7.1. Pension entitlements in EU countries – Progress Report of the Contact Group on Pensions (ECB DG-S/Eurostat)**

The ECB and Eurostat presented a progress report on the work of the Contact Group on Pensions, and mentioned both the input to the ESA chapter on pensions and the results of the Workshop held in Frankfurt. There was a general support for continuing the Contact Group. Some CMFB members expressed concerns about the sensitivity of the figures.

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## **8. NATIONAL ACCOUNTS**

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### **8.1. Towards a common revision policy for National Accounts and Balance of Payments (Eurostat/ECB DG-S)**

Eurostat and ECB presented the document on revision policies. The discussion provided several examples of practices and needs that would need to be considered before arriving at a common revisions policy.

It was generally agreed that a common revisions policy would enhance the service to users. Consequently, the overall objective of a common revisions policy was shared by CMFB members.

In particular, the CMFB broadly supported the proposal for a joint revisions policy for national accounts and BoP, but noted that there may be costs involved and that these costs should be assessed when deciding on the exact practices. In this respect, it was also noted that user needs may differ amongst each other. Furthermore, it was suggested that the issue of a common revisions policy should be discussed more deeply at the BoP WG. Finally, the CMFB agreed that national impact studies should be undertaken and that the planning should take account of the comments made during the meeting.

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## **8.2. Task Force on quarterly European accounts by institutional sector - Progress report (ECB DG-S/Eurostat)**

Eurostat and ECB made a presentation of the progress with European sector accounts, underlining the user interest in EU aggregates and national data series. Member States were encouraged to publish national data. The issue of transmission deadlines was briefly discussed.

It was concluded that the CMFB generally supports the proposed work programme, but it was noted that some problems relating to the trade-off between timeliness and reliability need to be addressed. The CMFB also agreed, in principle, with the proposal for a joint publication of national and European key indicators but acknowledged that quality issues need to be solved for the publication of certain national data.

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## **8.3. Report from Task Force on Rest-of-the-World Account: Results of the BoP/RoW survey 2009 (Eurostat/ECB DG-S)**

The ECB and Eurostat reported on the results of a survey carried out by TF RoW to identify BoP/Row discrepancies. The report was appreciated by CMFB members although there were some remarks about specific data.

The CMFB welcomed the recommendations drawn up by TF, and encouraged Member States with larger discrepancies to address the issues identified in accordance with the relevant priorities, possibly making use of bridging tables between BoP and RoW accounts.

The CMFB noted that it could be useful to repeat this type of survey with the aim of identifying problem areas and reducing discrepancies. The CMFB requested the TF to report back to the CMFB in 2010 about plans for a new survey, and suggested to set up a regular monitoring on a reduced basis to report on actual transmitted data subject to availability of resources.

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# **9. FINANCIAL ACCOUNTS**

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## **9.1. Attribution of banknotes within euro area members states (ECB DG-S)**

The ECB presented the proposal for a simplified methodology for the allocation of euro bank notes. The CMFB generally supported the proposal and stressed importance of arriving at good estimates for the euro area amounts. It was suggested to supplement the simplified methodology with some specific additional data sources.

The CMFB took note of the concerns by some Members regarding the recording on the liabilities side and, furthermore, the potential differences between various national practices.

It was concluded that the proposal may need further reflection, and ECB was requested to consider the issues raised.

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# **10. INTERNATIONAL ACCOUNTING STANDARDS**

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### **10.1. Task Force on Accounting and Statistics – Progress report (Eurostat/ECB DG-S)**

Eurostat and ECB presented the progress report and pointed out the need to amend the mandate and composition of the TF.

The CMFB generally appreciated the work carried out by the TF. There was a strong support for continuing the TF, and most comments pointed at a TF of a slightly smaller size.

It was noted that the trade-off between burden reduction and obtaining the essential data, the need for improving the quality of data and an overall more efficient system for collecting and compiling statistical data are the driving forces behind the TF. The CMFB encouraged the TF to continue examining the relevant areas - as proposed in the document - and to ensure a good communication with both the statistical side and the accounting side of initiatives and needs. Finally, the CMFB requested the TF to come back with more concrete proposals for their future work.

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## **11. COORDINATION**

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### **11.1. "Memorandum of Understanding in the field of macroeconomic and financial statistics" between the Statistical Office, the Ministry of Finance, and the Bank of Slovenia (Statistical Office of Slovenia)**

Karmen Hren of the Slovenian Statistical Office presented the Memorandum of Understanding between the Central Bank, the Ministry of Finance, and the Statistical Office in the field of macroeconomic and financial statistics. The presentation was appreciated by CMFB members and the Chair encouraged other CMFB members to present their practices, as it is important to learn from each other.

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## **12. ANY OTHER BUSINESS**

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The Chairman thanked Jorma Hilpinen, Reinhold Schwarzl, and Hans-Peter Glaab for their contributions to the CMFB.

The Chairman thanked the participants, the interpreters, and Eurostat for the organisation and closed the meeting.