OPINION OF THE EUROPEAN CENTRAL BANK
of 31 March 2010

on a proposal for a Council Regulation amending Regulation (EC) No 479/2009 as regards the quality of statistical data in the context of the excessive deficit procedure

(CON/2010/28)

On 8 March 2010 the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on a proposal for a Council Regulation amending Regulation (EC) No 479/2009 as regards the quality of statistical data in the context of the excessive deficit procedure¹ (hereinafter the ‘proposed regulation’).

The ECB’s competence to deliver an opinion is based on Articles 127(4) and 282(5) of the Treaty on the Functioning of the European Union since national central banks (NCBs) assist in or contribute to the compilation of statistics under Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community². Moreover, they report government finance statistics to the ECB for the purpose of the performance of European System of Central Banks (ESCB) tasks as referred to in Article 127(5) of the Treaty. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

General observation

The ECB supports the proposed regulation as a very important step towards improving the quality of the statistics referred to in Regulation (EC) No 479/2009.

Specific observations

The ECB stresses that it is very important that the Member States provide the Commission (Eurostat) with access to all of the information that the Commission requires for assessing the quality of data. The ECB also considers that for this purpose a more detailed list than that proposed to be included in Article 8(2) would be beneficial in order to increase clarity and certainty as to what kind of information may be requested. It should be clear that the list is non-exhaustive.

In the same vein, the ECB considers that introducing in Article 11(3) some examples could clarify when methodological visits are required. Frequent and sizeable data revisions, persistent unexplained stock-

flow adjustments and unresolved problems concerning methodological issues may give cause for concern and therefore warrant a methodological visit, which the ECB believes is an excellent means of improving the quality of data. Of course, the provisions in Regulation (EC) No 479/2009 concerning these visits, and the other provisions aimed at improving data quality, can only be truly effective when applied in full.

Furthermore, the ECB believes that the definition of ‘government deficit (surplus)’ in Regulation (EC) No 479/2009 should be aligned with international statistical standards. The ECB therefore proposes to use the deficit (B.9) from the national accounts for the excessive deficit procedure (EDP) as in the early years of this procedure. This would have the added benefit of increasing the transparency of the reporting process, since by excluding settlements under swaps arrangements and forward rate agreements from the deficit used for the EDP the deficit figures become less susceptible to manipulations carried out by way of complex financial transactions.

To improve data quality, the ECB would moreover like to ensure that the compilation of the planned data is based on the most up-to-date available information, using monthly and quarterly outturns where available. Ideally, the quality of these planned data should also be scrutinised.

In addition, the ECB believes that the Commission should be given more time to assess the actual data and would favour extending the period referred to in Article 14 by one week to four weeks. Extending this period also requires earlier data transmissions by the Member States, in order not to disrupt the administrative processes (including, for example, the preparation of convergence reports) in which these data are used. Hence, the ECB proposes to advance the reporting deadlines in the future. As the ECB understands that an amendment of Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community (i.e. the European System of Accounts (ESA) transmission programme) is currently under discussion, the respective deadlines should be aligned to avoid consistency problems.

Finally, the ECB considers it important that the national statistical authorities have access to the information needed to ensure the compliance of reported data with Article 1 of Regulation (EC) No 479/2009 and the underlying ESA 95 accounting rules.

Where the ECB recommends that the proposed regulation is amended, specific drafting proposals are set out in the Annex accompanied by explanatory text to this effect.

Done at Frankfurt am Main, 31 March 2010.

[signed]

The President of the ECB
Jean-Claude TRICHET

Drafting proposals

<table>
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<th>Text proposed by the Commission</th>
<th>Amendments proposed by the ECB¹</th>
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<tr>
<td>Article 8(2) of Regulation (EC) No 479/2009</td>
<td>Amendment 1</td>
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Article 8

‘2. Member States shall as promptly as possible provide the Commission (Eurostat) with access to all the information requested for the needs of the data quality assessment, including statistical information such as data from national accounts, inventories, excessive deficit procedure notification tables, additional questionnaires and clarification related to the notifications.

The format of the questionnaires shall be defined by the Commission (Eurostat) after consultation of the Committee on Monetary, Financial and Balance of Payments Statistics (hereinafter referred to as CMFB).’

Article 8

‘2. Member States shall as promptly as possible provide the Commission (Eurostat) with access to all the statistical and budgetary information requested for the needs of the data quality assessment, including statistical information such as data from national accounts, inventories, excessive deficit procedure notification tables, additional questionnaires and clarification related to the notifications.

Statistical and budgetary information means, in particular:

(a) data from national accounts;
(b) inventories;
(c) excessive deficit procedure (EDP) notification tables;
(d) additional questionnaires and clarifications related to EDP notifications;
(e) information from the General Accounting Office/Ministry of Finance/relevant regional authority on the execution of the State and regional budget;
(f) the accounts of extra-budgetary bodies/non-profit organisations and similar bodies that are part of the general government sector in

¹ Bold in the body of the text indicates where the ECB proposes inserting new text. Strikethrough in the body of the text indicates where the ECB proposes deleting text.
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<td>national accounts;</td>
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<td>(g) the accounts of social security funds;</td>
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<td>(h) surveys of local governments.</td>
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<td>The format of the questionnaires shall be defined by the Commission (Eurostat) after consultation of the Committee on Monetary, Financial and Balance of Payments Statistics (hereinafter referred to as CMFB).’</td>
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**Explanation**

The proposed regulation should specify that the requested information can be statistical and budgetary in nature, and provide examples of categories of this information, to enhance clarity and transparency.

**Amendment 2**

Article 11(3) of Regulation (EC) No 479/2009

<table>
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<td>‘3. The methodological visits are designed to monitor the processes and verify the accounts which justify the reported actual data and to draw detailed conclusions as to the quality of reported data, as defined in Article 8(1). The methodological visits shall only be undertaken in exceptional cases where significant risks or problems with the quality of the data have been clearly identified.’</td>
<td>‘3. The methodological visits are designed to monitor the processes and verify the accounts which justify the reported actual data and to draw detailed conclusions as to the quality of reported data, as defined in Article 8(1). The methodological visits shall only be undertaken in exceptional cases where significant risks or problems with the quality of the data have been clearly identified, for example frequent and sizeable data revisions, persistent unexplained stock-flow adjustments or unresolved problems relating to methodological issues.’</td>
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**Explanation**

The ECB suggests specifying in a non-exhaustive manner what the exceptional cases are that would require a methodological visit.
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<td><strong>Amendment 3</strong>&lt;br&gt;Article 1(3) of Regulation (EC) No 479/2009</td>
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3. “Government deficit (surplus)” means the net borrowing (net lending) (EDP B.9) of the sector of “general government” (S.13), as defined in ESA 95. The interest comprised in the government deficit is the interest (EDP D.41), as defined in ESA 95.’ | ‘3. “Government deficit (surplus)” means the net borrowing (net lending) (EDP B.9) of the sector of “general government” (S.13), as defined in the ESA 95. The interest comprised in the government deficit is the interest (EDP D.41), as defined in the ESA 95.’ |

**Explanation**

As explained in the specific observations, the ECB suggests improving the transparency of the reporting process by using the national accounts deficit (B.9) for the purpose of the EDP.

| **Amendment 4**<br>Article 2(1) of Regulation (EC) No 479/2009 | ‘1. “Planned government deficit and government debt level figures” means the figures established for the current year by the Member States. They shall be the most recent official forecasts, taking into account the most recent budgetary decisions and economic developments and prospects. They should be produced in as short a time as possible before the reporting deadline.’ | ‘1. “Planned government deficit and government debt level figures” means the figures established for the current year by the Member States. They shall be the most recent official forecasts, taking into account the most recent budgetary decisions and economic developments and prospects as well as monthly and quarterly outturns. They should be produced in as short a time as possible before the reporting deadline.’ |

**Explanation**

The ECB is of the opinion that the quality of the planned data would improve if they were compiled on the basis of the most up-to-date available information.

<p>| <strong>Amendment 5</strong>&lt;br&gt;Article 14(1) of Regulation (EC) No 479/2009 | ‘1. The Commission (Eurostat) shall provide the | ‘1. The Commission (Eurostat) shall provide the |</p>
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<td>actual government deficit and debt data for the application of the Protocol on the excessive deficit procedure, within three weeks after the reporting deadlines referred to in Article 3(1) or after revisions as referred to in Article 6(1). That provision of data shall be effected through publication.'</td>
<td>actual government deficit and debt data for the application of the Protocol on the excessive deficit procedure, within three four weeks after the reporting deadlines referred to in Article 3(1) or after revisions as referred to in Article 6(1). That provision of data shall be effected through publication.'</td>
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**Explanation**

To provide the Commission with more time to properly assess the quality of the actual data reported by the Member States, the ECB would like to propose a slight extension of the time limit.

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**Amendment 6**

Article 16(1) of Regulation (EC) No 479/2009

1. Member States shall ensure that the actual data reported to the Commission (Eurostat) are provided in accordance with the principles established by Article 10 of Regulation (EC) No 322/97. In this regard, the responsibility of the national statistical authorities is to ensure the compliance of reported data with Article 1 of this Regulation and the underlying ESA 95 accounting rules.'

1. Member States shall ensure that the actual data reported to the Commission (Eurostat) are provided in accordance with the principles established by Article 210 of Regulation (EC) No 223/2009 322/97. In this regard, the responsibility of the national statistical authorities is to ensure the compliance of reported data with Article 1 of this Regulation and the underlying ESA 95 accounting rules. **Member States shall ensure that the national statistical authorities are provided with access to all relevant information necessary to perform this task.'**

**Explanation**

The national statistical authorities should be given access to the information needed to ensure the compliance of reported data with Article 1 of the Regulation and the underlying ESA 95 accounting rules. This issue has also been addressed in the ECB Opinion CON/2010/17 of 23 February 2010 on the establishment of the Hellenic Statistical System and an independent statistical authority.

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2 Published on the ECB’s website at www.ecb.europa.eu.