

CMFB opinion
on the recording in national accounts of the
"European Financial Stability Facility" (EFSF)

1. At Eurostat's request the CMFB Chairman, with the assistance of the CMFB Executive Body, asked CMFB Members on 17 December 2010 to state their opinion on the recording in national accounts¹ of "European Financial Stability Facility" (EFSF) operations. The deadline for replies was 11 January 2011. Twenty-one (21) national statistical institutes and twenty-six (26) national central banks from the EU Member States returned the questionnaire within the specified time. A total of fifty (50) institutions, including the ECB, Statistics Iceland, and Statistics Norway provided their opinion.
2. The EFSF was established on 7 June 2010 for the purpose of providing stability support to Euro Area Member States (EAMS). The EFSF shall finance such support by issuing or entering into bonds, notes, commercial paper, debt securities, or other financing arrangements. These financing operations are backed by irrevocable and unconditional guarantees of the EAMS on the basis of an agreed "adjusted contribution key". The EAMS act as guarantors as contemplated by the terms of the EFSF Framework Agreement.²
3. Based on a large majority of the replies received, the CMFB agrees that:
 - the EFSF is acting on behalf of the guarantor EAMS when lending to an EAMS and that, therefore, the lending needs to be rerouted through the government accounts of the guarantor EAMS, thereby increasing their EDP gross debt; and
 - this rerouting in national accounts takes the form of loans from the EFSF to the guarantor EAMS (excluding the Loan Specific Cash Buffer and on the basis of the relevant "adjusted key contribution"). At the same time, loans will be recorded from the guarantor EAMS to the borrowing EAMS.
4. The CMFB notes that the favoured recording in national accounts will imply a similar treatment of intra-EU government stability support to EAMS, whether via the EFSF or in the form of bilateral loans, as regards the impact on Maastricht debt.
5. The CMFB recognises that the rerouting will not affect the recording of the Maastricht debt (EDP gross debt) of the borrowing EAMS. For the guarantor EAMS the rerouting will increase the recorded Maastricht debt while net debt will remain unchanged. The CMFB recommends a careful analysis of the different options for presenting analysts and the public at large with the relevant statistical information in order to provide full transparency on the impact of the support mechanism on the government accounts.
6. The CMFB invites Eurostat to provide further guidance on the recording of other accounting items involving the EFSF. A number of specific issues were raised by CMFB

¹ Council Regulation (EC) No 2223/96 of 25 June 1996 on the European system of national and regional accounts in the Community, as amended.

² For further details see the EFSF Framework Agreement of 7 June 2010 at www.efsf.europa.eu.

Members, in particular regarding the treatment of the Loan Specific Cash Buffer, securities issued, fees, and interest.

7. From a practical point of view, the CMFB considers it useful that monthly, quarterly and annual source data concerning debt issued by EFSF and related transactions across EAMS would be collected in a centralised way (e.g. Eurostat) and transmitted timely to compilers of balance of payments and national accounts data in Member States.
8. The CMFB considers that the proposed recording in national accounts of the EFSF is in line with the ESA-95 Regulation and recommends that Eurostat takes account of the specific remarks raised.
9. In addition to this opinion, all the anonymised answers from CMFB Members have been transmitted to Eurostat and will be kept in the records of the CMFB secretariat.

(Signed)

João Cadete de Matos
CMFB Chairman

Lisboa, 25 January 2011