CMFB

COMMITTEE ON MONETARY, FINANCIAL AND BALANCE OF PAYMENTS STATISTICS

ANNEX III

Procedures for the consultation of the CMFB about the statistics underlying the Excessive Deficit Procedure

(adopted unanimously at the CMFB plenary session on 15 June 2004)

This document states the rules of procedure as regards the consultations launched in order to get a formal opinion from the CMFB concerning the statistics underlying the Excessive Deficit Procedure. In accordance with the Code of best practice on the compilation and reporting of data in the context of the Excessive Deficit Procedure, these consultations serve to advise Eurostat when resolving methodological issues that are particularly complex or of general interest, concerning the correct national accounting treatment of government measures.

The document describes the four steps of the procedure and presents a table fixing the time limits allotted to them, which are stricter when a fast track procedure is required.

1. Submission step

The CMFB Chair receives requests for formal consultations either:

- from Eurostat when the consultation is requested by a Member State, or by the Commission on its own initiative or following a request from the Council or the Committees which assist them (Article 2 and 3 of Council Decision 91/115/EEC modified by 96/174/EC); or
- from any Member of the CMFB when the consultation may be launched on the initiative of the CMFB (Articles 2 and 3 of Council Decision 91/115/EEC modified by 96/174/EC). In this case, the CMFB Chair considers the request together with Eurostat, and decides whether a formal consultation of the CMFB is necessary.

The requests are submitted in writing, preferably by an electronic letter.
Eurostat and the CMFB Chair, with the assistance of the CMFB Executive Body, agree on the time table of the following steps of the consultation, giving consideration to both the complexity of the case and the urgency of the request. Either an 'extensive procedure' or a 'fast track procedure' may then be agreed upon. The specific time limits for both procedures are set in the table below.

The CMFB Chair informs the CMFB Members about the launching of a consultation, about the time limit agreed on with Eurostat and about the reasons for this consultation. Any rejection of a request is also communicated to CMFB Members.

2. Investigation step

In all cases, CMFB Members are asked to propose experts from their institutions in order to constitute a specific task force. This task force is given the mandate to conduct an investigation into the case with a specific deadline.

A permanent list of experts is drawn up in advance. Every CMFB Member is invited to appoint at least one expert on the list. To build on the expertise regarding the European System of Accounts (ESA 95), it is recommended that this list includes representatives in the National Accounts Working Group (NAWG) and in the Financial Accounts Working Group (FAWG).

At the time when the CMFB Chair informs the CMFB Members of the launching of a consultation, it passes on an invitation from Eurostat to all CMFB Members to state their interest in participating in

the task force concerned, in the case either of the extensive procedure or the fast track procedure. In both cases, the task force is made up on a voluntary basis. If necessary, Eurostat and the CMFB Chair will agree to call in experts from the list to complete the task force in order to make sure that the task force is sufficiently well-qualified and balanced (by country, by institution). If the subject under analysis is specific to a given country, this country must be represented. The ECB is represented in all task forces. The task force may also, where necessary, request a subject matter expert to attend the task force as a consultant on the relevant matter.

The chairperson of the task force is a senior statistician from Eurostat. Eurostat provides the secretariat. In some cases, Eurostat may ask the ECB to share the chair and the secretariat.

In certain circumstances, for example when the case has already been deeply investigated, Eurostat and the CMFB Chair may agree to appoint a relatively small task force, as soon as the consultation process has been decided upon. No less than five experts (one from Eurostat, one from the ECB, one from the Member State(s) most concerned, and two from other Member States) are selected, in the first place, from the permanent list of experts, who are available for participation in this task force.

The CMFB Chair, with the assistance of the Executive Body, will state the tasks requested to the chairperson of the task force.

The task force should start its work at short notice. It shall provide an overview of the basic information available, a clear and structured background note stating the pros and the cons of various options, a decision tree and worked examples (where necessary) and a draft questionnaire. The task force has the responsibility to propose a straightforward and operational advice about the national accounting treatment of the issues. The task force should build up its analysis and recommendation in the framework of ESA 95, referring to specific paragraphs. It should strive to reach a consensus. If that is not possible, it should also reflect minority views in the proposed consultation material.

The material provided by the task force should be submitted for comments to the Eurostat National Accounts and Financial Accounts Working Groups (NAWG and FAWG) which consist of experts from all Member States. If the case cannot be discussed at a meeting of those Working Groups due to time constraints, comments in writing may be mailed to Eurostat. Telecommunication facilities are to be used intensively at this stage so as to facilitate the search for a convergence of opinions. The results of the consultation of the Working Groups should be circulated to their members.

The task force may integrate further comments into the background note. They shall mention in an annex any minority views to the solutions proposed. They should indicate where comments of NAWG and FAWG have not been reflected in the background note. They should propose a draft questionnaire for the consultation of the CMFB.

The chair of the task force passes the material (draft questionnaire; task force background note with the list of the members of the task force and comments from NAWG and FAWG members; other relevant material) to the CMFB Chair.

3. Consultation step

The CMFB Chair finalises the questionnaire with the assistance of the Executive Body, on the basis of the background material provided under the responsibility of the task force.

The Chair decides the deadline, quality assures the material to be circulated (the final version of the questionnaire in the form of "tick-box" questions with national accounts explanations, the background note with any minority views in an annex and the overview of the basic information available) and launches the consultation. If a CMFB Member wishes to make additional specific comments, it can only do so before the consultation material has been sent out by the Chair. If so, the CMFB Chair should agree with the CMFB Member and Eurostat on the additional documentation to be circulated. In exceptional cases, and only if decisive new elements come up during an ongoing consultation, a new consultation may be launched.

The CMFB Members return their written replies to the questionnaires to the CMFB Chair, with copies to the CMFB Secretariat. They provide their replies to the “tick box” questions. They also provide the additional arguments (named “additional arguments” thereafter) supporting their replies at least if they are not fully in line with the reasoning offered in the background note. The additional arguments

should refer to ESA95 and the jurisprudence based on it. A “no opinion” option is always offered with every question.

The Chair prepares a summary record of the replies and drafts the CMFB opinion reflecting the majority view of the CMFB Membership which results from the addition of the individual answers to the “tick box questions”, disregarding “no opinion” options and non response if any. The draft opinion, together with the summary record of the answers to the “tick box” questions and all the “anonymised” individual replies (including the “no opinion” ones) with all their “additional arguments”, are sent to the CMFB Executive Body members to assist the Chair in finalising the opinion. If necessary, the CMFB Chair may contact individual CMFB Members to seek clarification of their opinions and national accounts arguments. If a wide divergence of views persists with regard to the opinion, the CMFB Chair would call a meeting of the Executive Body to finalise the opinion. In exceptional cases, the Chair may decide to consult CMFB Members on a draft version of the CMFB opinion before finalising the CMFB opinion. If the case refers specifically to a Member State which has a member in the Executive Body, that member would not be involved in drafting the opinion.

The CMFB opinion should provide a full account of the arguments endorsed by the majority of the CMFB Membership. It should indicate whether the opinion has resulted from “a large majority” (over 75% of the effective answers to the “tick box” questions) or a “very large majority” (over 90% of the effective answers to the “tick box” questions). As the CMFB is not a decision making body within the European institutions, it should strive to reach a consensus and should not refer to any counting of individual replies. It should give a balanced account of the arguments exchanged during the consultation process giving due consideration to documented minority views. In case it does not prove possible to come up with a clear majority view, the CMFB opinion should reflect this outcome. It is reminded that the opinion of the CMFB is always contingent upon the information available to the CMFB Members while holding the consultation.

The CMFB Secretariat sends the opinion to all the CMFB Members with, for the information of the CMFB Members only, all the “anonymised” individual full version replies (answers to “tick box” questions including “no opinion”, “additional arguments” and results of possible bilateral consultations with the Chair). CMFB Members may make public their own individual opinion only. Neither CMFB Members nor the CMFB Chair and the CMFB Secretariat are allowed to disclose the individual opinion of any other CMFB Member.

4. Decision step

The CMFB has a consultative responsibility.

Eurostat, as the statistical authority of the Commission, eventually decides about the cases and evaluates the consequences as regards the government deficits and debts. It informs the institutions concerned and simultaneously publishes its decision as well as the CMFB opinion. The decisions of Eurostat should be systematically included in the ESA 95 Manual on Government Deficit and Debt which is regularly updated.

The CMFB Secretariat will ensure that both the Eurostat decision and the CMFB opinion are put on the CMFB web site (www.cmfb.org).

Time limits
(at most, in working days of the Commission-Eurostat)

Steps		**Extensive procedure**	**Fast track procedure**
Submission		**5**	**2**
Investigation		**usually 40, possibly more depending on the case**	**17**
	Investigation by the task force	usually 30	
	Comments by the Eurostat Working Groups	usually 10	
Consultation	CMFB making its opinion	**10**	**8**
Decision	Eurostat making its decision and its communication	**5**	**3**
Total		**usually 60 working days (about 3 calendar months)**	**30 working days (about 6 calendar weeks)**

For every step, the prescribed times include the drafting and communication of the conclusions, closing the current step and opening the next one when appropriate.