

EUROPEAN PARLIAMENT

1999



2004

Session document

FINAL
A5-0151/2004

17 March 2004

*****I**

REPORT

on the proposal for a European Parliament and Council regulation on the compilation of quarterly non-financial accounts by institutional sector (COM(2003) 789 – C5-0645/2003 – 2003/0296(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Astrid Lulling

Symbols for procedures

- * Consultation procedure
majority of the votes cast
- **I Cooperation procedure (first reading)
majority of the votes cast
- **II Cooperation procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- *** Assent procedure
*majority of Parliament's component Members except in cases
covered by Articles 105, 107, 161 and 300 of the EC Treaty and
Article 7 of the EU Treaty*
- ***I Codecision procedure (first reading)
majority of the votes cast
- ***II Codecision procedure (second reading)
*majority of the votes cast, to approve the common position
majority of Parliament's component Members, to reject or amend
the common position*
- ***III Codecision procedure (third reading)
majority of the votes cast, to approve the joint text

(The type of procedure depends on the legal basis proposed by the Commission)

Amendments to a legislative text

In amendments by Parliament, amended text is highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the legislative text for which a correction is proposed, to assist preparation of the final text (for instance, obvious errors or omissions in a given language version). These suggested corrections are subject to the agreement of the departments concerned.

CONTENTS

	Page
PROCEDURAL PAGE	4
DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION	5
EXPLANATORY STATEMENT	7

PROCEDURAL PAGE

By letter of 16 December 2003 the Commission submitted to Parliament, pursuant to Articles 251(2) and 285 of the EC Treaty, the proposal for a European Parliament and Council regulation on the compilation of quarterly non-financial accounts by institutional sector (COM(2003) 789 – 2003/0296(COD)).

At the sitting of 18 December 2003 the President of Parliament announced that he had referred the proposal to the Committee on Economic and Monetary Affairs as the committee responsible (C5-0645/2003).

The committee appointed Astrid Lulling rapporteur at its meeting of 20 January 2004.

It considered the Commission proposal and draft report at its meetings of 16 February 2004 and 16 March 2004.

At the last meeting it adopted the draft legislative resolution unanimously.

The following were present for the vote: Christa Randzio-Plath (chairman), Philippe A.R. Herzog (vice-chairman), John Purvis (vice-chairman), Astrid Lulling (rapporteur), Hans Udo Bullmann, Jonathan Evans, Carles-Alfred Gasòliba i Böhm, Robert Goebbels, Lisbeth Grönfeldt Bergman, Christopher Huhne, Christoph Werner Konrad, David W. Martin, Hans-Peter Mayer, Fernando Pérez Royo, Alexander Radwan, Bernhard Rapkay, Mónica Ridruejo, Peter William Skinner, Helena Torres Marques, Bruno Trentin, Bert Doorn (for Othmar Karas), Werner Langen (for Ingo Friedrich), Thomas Mann (for Generoso Andria), José Javier Pomés Ruiz (for José Manuel García-Margallo y Marfil), Ieke van den Burg (for Pervenche Berès), Simon Francis Murphy (for Mary Honeyball).

The report was tabled on 17 March 2004.

DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

**on the proposal for a European Parliament and Council regulation on the compilation of quarterly non-financial accounts by institutional sector
(COM(2003) 789 – C5-0645/2003 – 2003/0296(COD))**

(Codecision procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to the European Parliament and the Council (COM(2003) 789)¹,
 - having regard to Articles 251(2) and 285 of the EC Treaty, pursuant to which the Commission submitted the proposal to Parliament (C5-0645/2003),
 - having regard to Rule 67 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A5-0151/2004),
1. Approves the Commission proposal as amended;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend the proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council and Commission.

Text proposed by the Commission

Amendments by Parliament

Amendment 1 Recital 5

(5) The compilation of European accounts by institutional sector, in accordance with the principles of the European System of national and regional Accounts in the Community, requires the transmission of quarterly national accounts by institutional sector of the Member States. However, the European accounts must reflect the economy of the European area as a whole and may differ from the simple aggregation of Member States' accounts. In particular, the objective is to take account of the

(5) The compilation of European accounts by institutional sector, in accordance with the principles of the European System of national and regional Accounts in the Community, requires the transmission of quarterly national accounts by institutional sector of the Member States. However, the European accounts must reflect the economy of the European area as a whole and may differ from the simple aggregation of Member States' accounts. In particular, the objective is to take account of the

¹ Not yet published in OJ.

transactions of the Institutions and bodies of the European Union, *when these are resident in the European* area concerned.

transactions of the Institutions and bodies of the European Union *in the accounts of* the area concerned *(the European Union or the euro-zone, whichever is applicable)*.

EXPLANATORY STATEMENT

1. Political context

With the adoption of the single currency in the euro-zone and the increased coordination of the macro-economic policies of the Member States of the European Union, overcoming the deficiencies in the European statistical system concerning quarterly financial accounts has become a key priority.

Currently, the quarterly accounts available at European level cover the economy as a whole, with no possibility of distinguishing between the various economic sectors – households, companies and government. However, analysing the behaviour of the various economic operators is of the greatest importance for economic analysis and monetary policy. In the United States, for example, the Federal Reserve has a complete range of quarterly sectoral accounts at its disposal on which to base its decisions.

The 5th Report of the Economic and Financial Committee on the implementation of the action plan on Economic and Monetary Union, adopted by the Ecofin Council on 18 February 2003, clearly states the need for action in this field. It considers that the lack of information on the behaviour of households and companies in the business cycle is a major deficiency of EMU statistics.

Finally, the EMU action plan itself, as approved by the Ecofin Council in September 2000, states that a limited set of quarterly sectoral accounts is needed as soon as possible and that they must be available within 90 days of the end of the relevant quarter.

The aim of the draft regulation under consideration is to meet these major political needs by creating a common framework for the contributions of the Member States to the compilation of quarterly European accounts by institutional sector. These new accounts should make it possible to analyse the reactions of each economic sector to business cycle developments. They will make it possible, in particular, to monitor households' saving and consumption and the profitability of financial and non-financial businesses.

2. Key points in the proposal for a regulation

The key issues addressed in the draft regulation are presented below.

List of variables

The list of variables has been extensively discussed in order to meet user requirements, both in terms of data availability and quality, while limiting the work-load for Member States. The data to be reported do not go beyond what is necessary for the compilation of high-quality European accounts.

Partial exemptions

In order to limit the work-load on Member States, it is proposed that countries which only make a small contribution to the European totals should be exempt from reporting some of the

data. Thus, those countries whose GDP is lower than 1% of the EU25 total will not have to report data on transactions in the households and companies sectors. The countries involved are:

- all the countries currently acceding, except Poland
- Luxembourg

However, all the Member States will have to transmit detailed data on transactions in the essential 'general government' and 'rest of the world' sectors.

Reporting deadlines

To meet the objective of the Action Plan, the Member States are asked to transmit the quarterly sectoral accounts data at the latest 90 days after the end of the quarter to which the data relate.

3. Rapporteur's opinion

It is now accepted that the smooth functioning of economic and monetary union and the single market require coordination of appropriate economic policies and monetary policy. Such policies demand precise statistical instruments which make it possible to analyse not only the European economy as a whole but also the behaviour of the various economic operators.

Thus, the reaction of households and companies to fluctuations in the economic cycle are of great importance in adjusting economic policy decisions, particularly in the monetary sphere.

Since it is now several years since the single currency was adopted, the European Union should provide itself with legal instruments which enable it to collect infra-annual statistics which cover all the transactions in each major economic sector.

As rapporteur, I therefore strongly back this proposal, which will remedy a significant deficiency in European statistics. In my view, it is vital for this proposal to be adopted as soon as possible so that it can enter into force before June 2005, where the first data reporting is scheduled.