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Committee on Economic and Monetary Affairs

2010/0374(COD)

23.11.2011

*****I**

DRAFT REPORT

on the proposal for a regulation of the European Parliament and of the Council
on the European system of national and regional accounts in the European
Union
(COM(2010)0774 – C7-0010/2011 – 2010/0374(COD))

Committee on Economic and Monetary Affairs

Rapporteur: Sharon Bowles

Symbols for procedures

- * Consultation procedure
- *** Consent procedure
- ***I Ordinary legislative procedure (first reading)
- ***II Ordinary legislative procedure (second reading)
- ***III Ordinary legislative procedure (third reading)

(The type of procedure depends on the legal basis proposed by the draft act.)

Amendments to a draft act

In amendments by Parliament, amendments to draft acts are highlighted in ***bold italics***. Highlighting in *normal italics* is an indication for the relevant departments showing parts of the draft act which may require correction when the final text is prepared – for instance, obvious errors or omissions in a language version. Suggested corrections of this kind are subject to the agreement of the departments concerned.

The heading for any amendment to an existing act that the draft act seeks to amend includes a third line identifying the existing act and a fourth line identifying the provision in that act that Parliament wishes to amend. Passages in an existing act that Parliament wishes to amend, but that the draft act has left unchanged, are highlighted in **bold**. Any deletions that Parliament wishes to make in such passages are indicated thus: [...].

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DRAFT EUROPEAN PARLIAMENT LEGISLATIVE RESOLUTION

on the proposal for a regulation of the European Parliament and of the Council on the European system of national and regional accounts in the European Union (COM(2010)0774 – C7-0010/2011 – 2010/0374(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2010)0774),
 - having regard to Article 294(2) and Article 338(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C7-0010/2011),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the opinion of the European Central Bank of 19 May 2011¹,
 - having regard to Rule 55 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs and the opinion of the Committee on Regional Development (A7-0000/2011),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it intends to amend its proposal substantially or replace it with another text;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

Amendment 1

Proposal for a regulation

Recital 1

Text proposed by the Commission

(1) *The* monitoring of the economies of the Member States and of the economic and monetary union (EMU) requires comparable, up-to-date and reliable information on the structure and

Amendment

(1) ***Policy-making in the Union and*** monitoring of the economies of the Member States and of the economic and monetary union (EMU) requires comparable, up-to-date and reliable

¹ OJ C 203, 9.7.2011, p. 3.

developments in the economic situation of each Member State or region.

information on the structure and *development of* the economic situation of each Member State or region.

Or. en

Amendment 2

Proposal for a regulation

Recital 3

Text proposed by the Commission

(3) Union citizens need economic accounts as a basic tool for analysing the economic situation of a Member State or region. For the sake of comparability, such accounts should be drawn up on the basis of a single set of principles that are not open to differing interpretations.

Amendment

(3) Union citizens need economic accounts as a basic tool for analysing the economic situation of a Member State or region. For the sake of comparability, such accounts should be drawn up on the basis of a single set of principles that are not open to differing interpretations. ***The information provided should be as precise, complete and timely as possible in order to ensure maximum transparency, especially as regards the public sector.***

Or. en

Amendment 3

Proposal for a regulation

Recital 9

Text proposed by the Commission

(9) Attention should be paid in the case of environmental and social accounts to the Communication from the Commission to the European Parliament and the Council of 20 August 2009 entitled "GDP and beyond - Measuring progress in a changing world". ***Therefore***, further methodological studies and data tests ***may be required***.

Amendment

(9) Attention should be paid in the case of environmental and social accounts to the Communication from the Commission to the European Parliament and the Council of 20 August 2009 entitled "GDP and beyond - Measuring progress in a changing world". Further methodological studies and data tests ***are necessary, in particular to take better account of the added value of the public sector and the environment.***

The use of new, automated and real-time data collection methods should be explored.

Or. en

Amendment 4

Proposal for a regulation Recital 10 a (new)

Text proposed by the Commission

Amendment

(10a) When publishing data, a user-oriented approach should be adopted, by providing accessible and useful information to Union citizens and stakeholders.

Or. en

Amendment 5

Proposal for a regulation Recital 14

Text proposed by the Commission

Amendment

(14) Research and development expenditure ***has the nature of*** investment and should therefore be recorded as fixed capital formation. However, it is necessary to specify the format of the data to be recorded as fixed capital formation by means of a delegated act when a sufficient level of confidence in the reliability of the data is reached through a test exercise based on the development of supplementary tables.

(14) Research and development expenditure ***is an*** investment and should therefore be recorded as fixed capital formation. However, it is necessary to specify the format of the data to be recorded as fixed capital formation by means of a delegated act when a sufficient level of confidence in the reliability of the data is reached through a test exercise based on the development of supplementary tables.

Or. en

Amendment 6

Proposal for a regulation Recital 15

Text proposed by the Commission

(15) There is a need to *pursue* studies and work, in particular on issues related to GDP and beyond and Europe 2020 with the aim of developing a more comprehensive measurement approach for wellbeing and progress in order to support the promotion of a smart, sustainable and inclusive economy. *These* studies and work will help to further improve data availability, transmission and quality, to enhance methodologies, so as to prepare for future developments.

Amendment

(15) There is a need to *conduct* studies and work, in particular on issues related to GDP and beyond and Europe 2020 with the aim of developing a more comprehensive measurement approach for wellbeing and progress in order to support the promotion of a smart, sustainable and inclusive economy, ***taking into account environmental considerations***. *Such* studies and work will help to further improve data availability, transmission and quality, to enhance methodologies, so as to prepare for future developments. ***Data on national and regional accounts should be seen as one element in the pursuit of those aims.***

Or. en

Amendment 7

Proposal for a regulation Recital 16

Text proposed by the Commission

(16) The *Commission should be empowered* to adopt delegated acts in accordance with Article 290 of the Treaty on the Functioning of the European Union for the purposes of amending the Annexes to this Regulation. It is of particular importance that the Commission *carries out* appropriate consultations during its preparatory work, including at expert level.

Amendment

(16) The *power* to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union *should be delegated to the Commission* for the purposes of amending the Annexes to this Regulation. It is of particular importance that the Commission *carry out* appropriate consultations during its preparatory work, including at expert level ***and, where appropriate, the European Central Bank (ECB). The Commission, when preparing and drawing up delegated acts, should ensure a simultaneous, timely and***

appropriate transmission of relevant documents to the European Parliament and to the Council.

Or. en

Amendment 8

Proposal for a regulation Recital 17

Text proposed by the Commission

(17) Since the implementation of this Regulation might require major adaptations in the national statistical systems, derogations may be granted by the Commission to Member States.

Amendment

(17) Since the implementation of this Regulation might require major adaptations in the national statistical systems, limited derogations may be granted by the Commission to Member States *where there are strong grounds showing that providing the data is not feasible because there are insufficient resources available or major methodological obstacles need to be overcome. Such derogations should be temporary and subject to review.*

Or. en

Amendment 9

Proposal for a regulation Article 2 – paragraph 2

Text proposed by the Commission

2. The Commission may adopt, by means of delegated acts in accordance with Articles 7, 8 and 9, amendments to the ESA 2010 methodology which are intended to specify and improve its content provided that they do not change its underlying concepts, do not require additional resources for their implementation and do not cause an increase in own resources.

Amendment

2. The Commission may adopt, by means of delegated acts in accordance with Articles 7, 8 and 9, amendments to the ESA 2010 methodology which are intended to specify and improve its content provided that they do not change its underlying concepts, do not require additional resources for their implementation and do not cause an increase in own resources. *The*

Commission shall prepare draft delegated acts in close cooperation with the European Central Bank where appropriate.

Or. en

Amendment 10

Proposal for a regulation Article 3 – paragraph 3 a (new)

Text proposed by the Commission

Amendment

3a. By ..., the Commission shall review Annex B and adopt a delegated act in accordance with Article 7, 8 and 9 to organise and to streamline the date-transmission tables, so to ensure a clear, coherent, unambiguous and transparent data-transmission programme.*

** OJ please insert date: six months from the date of entry into force of this Regulation.*

Or. en

Amendment 11

Proposal for a regulation Article 4 – paragraph 4

Text proposed by the Commission

Amendment

4. The Commission (Eurostat) shall assess the quality of the data transmitted.

4. The Commission (Eurostat) shall assess the quality of the data transmitted. ***The Commission (Eurostat) shall report to the European Parliament on the quality of data on national and regional accounts every two years from ...*.***

** OJ please insert date: two years from the date of entry into force of this Regulation.*

Or. en

Amendment 12

Proposal for a regulation Article 6 – paragraph 1

Text proposed by the Commission

1. Insofar as the national statistical system necessitates major adaptations for the application of this Regulation, the Commission may grant derogations to Member States in accordance with the procedure referred to in Article 10 from its application until 1 January 2020.

Amendment

1. Insofar as the national statistical system necessitates major adaptations for the application of this Regulation, the Commission may grant **temporary** derogations to Member States in accordance with the procedure referred to in Article 10 from its application until 1 January 2020.

Or. en

Amendment 13

Proposal for a regulation Article 6 – paragraph 2 – subparagraph 1 a (new)

Text proposed by the Commission

Amendment

The Commission shall grant a derogation under paragraph 1 only if it is justified by clearly insufficient resources or major methodological obstacles. The derogation shall be granted only for a period sufficient to allow the Member State to resolve its resource-related or methodological obstacles. The Commission shall not grant a derogation if it would undermine disproportionately the accuracy of aggregate data. The proportion of the Member State's GDP within the Union or within the euro area

shall not be a justification for granting a derogation.

Or. en

Amendment 14

Proposal for a regulation Article 9 – paragraph 1

Text proposed by the Commission

1. The European Parliament or the Council may object to a delegated act within a period of **two** months from the date of notification.

At the initiative of the European Parliament or the Council that period shall be extended by **two** months.

Amendment

1. The European Parliament or the Council may object to a delegated act within a period of **three** months from the date of notification.

At the initiative of the European Parliament or the Council that period shall be extended by **three** months.

Or. en

Amendment 15

Proposal for a regulation ANNEX A – Chapter 2 – point 2.21

Text proposed by the Commission

2.21 A holding company that simply owns the assets of subsidiaries is one example of a captive financial institution. Other units that are also treated as captive financial institutions are units with the characteristics of SPEs as described above including investment and pension funds and units used for holding and managing wealth for individuals or families, **holding assets for securitisation**, issuing debt securities on behalf of related companies (such a company may be called a conduit), **securitisation vehicles** and to carry out

Amendment

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other financial functions.

Or. en

Justification

Amendment suggested by the ECB. Financial vehicle corporations engaged in securitisation transactions in any form cannot be treated as akin to captive financial institutions — in particular, they are not consolidated with the originator, irrespective of ‘independence’ criteria. They are classified as other financial intermediaries (S.125). See Article 1 of Regulation ECB/2008/30 of 19 December 2008 concerning the assets and liabilities of financial vehicle corporations engaged in securitisation transactions (2).

Amendment 16

Proposal for a regulation

ANNEX A – Chapter 2 – point 2.75

Text proposed by the Commission

2.75 Definition: The subsector deposit-taking corporations except the central bank (S.122) includes all financial corporations and quasi-corporations, except those classified in the central bank and in the MMF subsectors, which are principally engaged in financial intermediation and whose business is to receive deposits from institutional units, and, for their own account, to grant loans and/or to make investments in securities.

Amendment

2.75 Definition: The subsector deposit-taking corporations except the central bank (S.122) includes all financial corporations and quasi-corporations, except those classified in the central bank and in the MMF subsectors, which are principally engaged in financial intermediation and whose business is to receive deposits ***and/or close substitutes for deposits*** from institutional units ***other than MFIs***, and, for their own account, to grant loans and/or to make investments in securities.

Or. en

Justification

Amendment suggested by the ECB. The text needs to be aligned with the definition of ‘other MFIs’ in Article 1 of Regulation ECB/2008/32 of 19 December 2008 concerning the balance sheet of the monetary financial institutions sector (Recast) (3). Similar wording is also included in the SNA 2008.

Amendment 17

Proposal for a regulation ANNEX A – Chapter 2 – point 2.90

Text proposed by the Commission

2.90 Definition: Financial vehicle corporations engaged in securitisation transactions (FVC) are undertakings carrying out securitisation transactions. ***FVC that satisfy the criteria of an institutional unit are classified in S.125, otherwise they are treated as an integral part of the parent.***

Amendment

2.90 Definition: Financial vehicle corporations engaged in securitisation transactions (FVC) are undertakings carrying out securitisation transactions.

Or. en

Justification

Amendment suggested by the ECB. FVCs should be treated as separate institutional units independently of criteria such as ‘degree of independence from its parent’ (see paragraph 2.22). See Article 1 of Regulation ECB/2008/30.

Amendment 18

Proposal for a regulation ANNEX A – Chapter 3 – point 3.19 – paragraph 3

Text proposed by the Commission

The economically significant price of a product is defined in relation to the institutional unit and local KAU that has produced the output. For example, all the output of unincorporated enterprises owned by households sold to other institutional units is sold at economically significant prices, i.e. is to be regarded as market output. For the output of other institutional units, the ability to undertake a market activity at economically significant prices will be checked notably through a quantitative criterion (the 50% criterion), using the ratio of sales to production costs. To be a market producer, the unit shall cover ***at least 50%*** of its costs by its sales

Amendment

The economically significant price of a product is defined in relation to the institutional unit and local KAU that has produced the output. For example, all the output of unincorporated enterprises owned by households sold to other institutional units is sold at economically significant prices, i.e. is to be regarded as market output. For the output of other institutional units, the ability to undertake a market activity at economically significant prices will be checked notably through a quantitative criterion (the 50% criterion), using the ratio of sales to production costs. To be a market producer, the unit shall cover ***100%*** of its costs by its sales over a

over a sustained multi-year period.

sustained multi-year period.

Or. en

Amendment 19

Proposal for a regulation ANNEX A – Chapter 5 – point 5.108

Text proposed by the Commission

Amendment

5.108 It is essential to establish whether the financial corporation engaged in the securitisation of assets actively manages its portfolio by issuing debt securities and bearing risk, rather than simply acting as a trust that passively manages assets or holds debt securities. When the financial corporation is the legal owner of a portfolio of assets, issues debt securities that present an interest in the portfolio, has a full set of accounts, and bears market and credit risks, it is acting as a financial intermediary classified in other financial intermediaries. Financial corporations engaged in the securitisation of assets, also called financial vehicle corporations (FVC), usually don't bear the market or the credit risk, since any change in the value of the assets they hold due to those risks is compensated on a one-to-one basis by a decrease in the principal and/or interest to be paid to the holders of the asset-backed securities (ABS). Credit rating agencies also insist that the securitisation corporations are completely insolvency-proof. Financial corporations engaged in the securitisation of assets are distinguished from entities that are created solely to hold specific portfolios of financial assets and liabilities. These entities are combined with their parent corporation, if resident in the same country as the parent. However, as non-resident entities they are treated as separate institutional units and

deleted

are classified as captive financial institutions.

Or. en

Justification

Amendment suggested by the ECB. This paragraph should be deleted since it is not consistent with the definitions and criteria applicable to securitisation vehicles. Its application could result in a consolidation of resident vehicles with resident 'parent' units, given that securitisation vehicles typically do not meet the proposed criteria of bearing market and credit risk (see also amendment 17).

Amendment 20

Proposal for a regulation

ANNEX A – Chapter 20 – point – paragraph 3

Text proposed by the Commission

The ability to undertake a market activity will be checked notably through **the usual** quantitative criterion (the **50%** criterion), using the ratio of sales to production costs (as defined in paragraphs 20.30 and 20.31). To be a market producer, the public unit shall cover **at least 50%** of its costs by its sales over a sustained multi-year period.

Amendment

The ability to undertake a market activity will be checked notably through **a** quantitative criterion (the **100%** criterion), using the ratio of sales to production costs (as defined in paragraphs 20.30 and 20.31). To be a market producer, the public unit shall cover **100%** of its costs by its sales over a sustained multi-year period.

Or. en

Amendment 21

Proposal for a regulation

ANNEX B – First table – row 2, 801, 27 and 28

Text proposed by the Commission

2	Main aggregates general government – annual	3/9	1995 onwards
801	Non-financial accounts by sector – quarterly	85 days	1999Q1 onwards
27	Financial accounts for general government – quarterly	85 days	1999Q1 onwards

28	Government debt – quarterly	3	2000Q1 onwards
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Amendment

2	Main aggregates general government – annual	85 days(*)	1995 onwards
801	Non-financial accounts by sector – quarterly	85 days(*)	1999Q1 onwards
27	Financial accounts for general government – quarterly	85 days(*)	1999Q1 onwards
28	Government debt – quarterly	85 days(*)	2000Q1 onwards

(*) 82 days from 2017, at least for euro area Members States.

Or. en

Justification

Amendment suggested by the ECB. The ECOFIN Council endorsed in September 2000 the EMU Action Plan on Statistical Requirements and set the target time for quarterly integrated euro area accounts by institutional sector at t+90 days following the reference quarter to meet the ECB's monetary policy needs. This implied that Eurostat and the ECB would have to collect the respective national data at t+82 days. Due to the envisaged schedule for ECB Governing Council meetings in 2015 and 2016, a reduction in the time lag to t+85 would suffice for 2015 to 2016. Accordingly, the ECB supports advancing the reporting deadlines for the quarterly sector accounts under the ESA transmission programme to t+85 days by 2014, aiming at t+82 days by 2017 to support the compilation of full quarterly integrated euro area accounts at t+90 days.

Amendment 22

Proposal for a regulation

ANNEX B – Table 2 – last 2 rows

Text proposed by the Commission

EDP_D.41	Interest <i>including flows on swaps and FRAs</i> ^{(1) (4)}	S.13, S.1311, S.1312, S.1313, S.1314
EDP_B.9	Net lending (+)/Net borrowing (-) <i>under the Excessive Deficit Procedure (EDP)</i> ⁽⁴⁾	S.13, S.1311, S.1312, S.1313, S.1314

Amendment

D.41	Interest	S.13, S.1311, S.1312, S.1313, S.1314
B.9	Net lending (+)/Net borrowing (-)	S.13, S.1311, S.1312, S.1313, S.1314

Or. en

Justification

Amendment suggested by the ECB. This technical change aims at putting ESA and EDP deficits in line.

Amendment 23

**Proposal for a regulation
ANNEX B – Table 801 – last 2 rows**

Text proposed by the Commission

General Government additional information		Sectors						
		S.1	S.1 1	S.1 2	S.1 3	S.1M	S.1 N	S.2
OTE	Total general government expenditure				x			
OTR	Total general government revenue				x			

Amendment

General Government additional information		Sectors						
		S.1	S.1 1	S.1 2	S.1 3	S.1M	S.1 N	S.2
OTE	Total general government expenditure				x			
OTR	Total general government revenue				x			
EMH	<i>Contractual hours worked</i>				x			
EMP	<i>Persons employed</i>				x			

Or. en

Justification

Amendment suggested by the ECB. To meet the public and policy needs for the measurement of compensation per employee and per hour in the general government sector, the

transmission programme (Table 801) should be supplemented with data on the number of employees and hours worked for the general government sector quarterly.

EXPLANATORY STATEMENT

This regulation sets the rules to be followed for the compilation and the publication of essential macroeconomic data in the EU. In practice, the Commission proposal is an extensive revision of the European system of national and regional accounts (European System of Accounts - ESA), building on the latest revision of the United Nation's System of National Accounts (SNA -adopted in 2008), and going into more detail.

Statistics are at the heart of public debate: independent, reliable, comparable and timely data is necessary for policy makers as well as economic actors and citizens to measure, evaluate and monitor the economic reality and its developments. Every effort should be made to ensure that the revised ESA will provide EU citizens with the highest quality macro-economic statistics, based on sound methodology and delivered according to a precise timetable.

Member States indicate concerns over administrative burdens, for this reason the report suggests that where possible, automated and real time methods of data collection should be pursued.

The report further proposes to strengthen the Commission proposal in the following ways:

- it stresses that the data provided should be as complete as possible to ensure maximum transparency, especially as regards the public sector, and insists that it should be produced and published with the user in mind;
- it underlines that further methodological work is necessary to give a more complete picture of environmental aspects, households activities and the public sector;
- it aims to limit derogations to the strict minimum in order to ensure a clear and complete picture; recent events have proved that even countries whose GDP is a small fraction of that of the EU it can have systemic effects: not having complete information for small countries is not an option;
- it calls on the Commission to completely redraft the data transmission programme: indeed the programme presented in Annex B is confusing and does not allow a full understanding of the content, the frequency, and the deadlines of statistics that MS should publish;
- it requests a quality reporting on national accounts by the Commission to the European Parliament, every two years;
- it allows for more time for the examination of delegated acts by the Parliament.