



EUROPEAN
COMMISSION



Statistical Office of the European Communities



EUROPEAN CENTRAL BANK
Directorate General Statistics

MEMORANDUM OF UNDERSTANDING

ON ECONOMIC AND FINANCIAL STATISTICS

between

the Directorate General Statistics of the European Central Bank (DG Statistics)

and

the Statistical Office of the European Communities (Eurostat)

Brussels, 10 March 2003

A. Purpose

1. The purpose of this Memorandum of Understanding is to set out the respective areas of responsibility in economic and financial statistics at the Community level of the ECB (Directorate General Statistics) and the Commission (Eurostat); to provide a framework for the exchange and reproduction of data; to note the forms which co-operation between the Directorate General Statistics (DG Statistics) and Eurostat will take; and to set down a procedure for resolving disagreements. The aim of these arrangements is to avoid duplication of statistical work at the Community level, to prevent conflicting requests for data from the ECB and the Commission, and to promote high quality (in all its dimensions) and consistent statistics at the Community level for the use of policy-makers and the general public.

The present Memorandum of Understanding is without prejudice to the respective competencies of the ECB and the Community institutions, notably the Commission, as laid down in the Treaty establishing the European Community (hereinafter referred to as the 'Treaty') and, in particular, Article 285 thereof and the Statute of the ESCB and of the ECB (hereinafter referred to as the 'Statute') and, in particular, Article 5 thereof. As a consequence, the present Memorandum of Understanding does not prejudice any further development of the framework for the collection of statistical information or for the production of Community statistics.

B. Introduction

2. The ECB and the Commission need statistical information in order to undertake their tasks under the Treaty.

3. The Treaty provides a role for both the ECB and the Community institutions in the provision of statistics. Article 285 of the Treaty states that: "*Without prejudice to Article 5 of the Protocol on the Statute of the ESCB and of the ECB, the Council ... shall adopt measures for the production of statistics where necessary for the performance of the activities of the Community*".

Article 5 of the Statute states that: "*In order to undertake the tasks of the ESCB, the ECB ... shall collect the necessary statistical information either from the competent national authorities or directly from economic agents. ... The ECB shall contribute to the harmonization, were necessary, of the rules and practices governing the collection, compilation and distribution of statistics in the areas within its field of competence.*"

4. Two Council Regulations have been adopted which provide a framework for the statistical activities of the Community and the ECB respectively, namely Council Regulation (EC) No. 322/97

on Community Statistics¹, and Council Regulation (EC) No. 2533/98 concerning the collection of statistical information by the ECB².

5. The present Memorandum of Understanding replaces an earlier Memorandum of Understanding on economic and financial statistics between the EMI Statistics Division and Eurostat dated 26 July 1995.

C. Definition of responsibility

6. “Responsibility” in the context of this Memorandum of Understanding means the right and obligation to take the initiative in advancing the development of economic and financial statistics; in instigating and carrying through the necessary legal measures; in ensuring that data are collected and processed; in acting as the prime source of publication, and disseminating data accordingly; and in keeping the data relevant to user needs and economic and financial conditions.

7. “Prime responsibility” means that either the ECB (DG Statistics) or the Commission (Eurostat) takes responsibility, with due regard to the interests of the other. “Shared responsibility” means that both the ECB (DG Statistics) and the Commission (Eurostat) take the responsibility in an area of statistics, while defining prime responsibilities within this area and co-operating closely to ensure coherence (see below).

D. The need for co-operation

8. Since there is an overlap between the statistics necessary for the performance of the activities of the Community and those necessary for the ECB to undertake the tasks of the ESCB, and since it is necessary to ensure consistency across areas of statistics within the framework of the European System of Accounts (ESA 95) in the Community, there is a need for co-operation. Article 9 of Council Regulation (EC) No. 322/97 obliges the Commission within its fields of activities to co-operate closely with the ECB, taking due account of the principles defined in Article 10 of Council Regulation (EC) No. 322/97, and Article 5.1 of the Statute obliges the ECB within its field of activities to co-operate, inter alia, with the Community institutions and bodies. Moreover, Article 5 of Council Regulation (EC) No. 2533/98 obliges the ECB to consult the Commission on draft regulations whenever links with statistical requirements of the Commission exist and according to the first indent of Article 105 (4) of the Treaty the ECB has to be consulted on any proposed Community act in its field of competence, which includes economic and financial statistics.

¹ OJ L 52, 22.2.1997, p. 1.

² OJ L 318, 27.11.1998, p. 8.

E. Production of statistics: division of tasks

9. The ECB (DG Statistics) has prime responsibility for **money, banking and financial markets statistics** at the Community level, as these are clearly necessary to undertake the tasks of the ESCB. In order to ensure the consistency of Community statistics, and since this area of statistics is of close interest to the Commission in carrying out some of its tasks, Eurostat may put forward the Commission's views to the ECB (DG Statistics) during the preparatory work and the regular production of the statistics by the ECB. The ECB (DG Statistics) will ensure consistency between money, banking and financial markets statistics and the ESA 95 where relevant.³

10. It is noted that in general the Commission needs country-by-country data. For the sake of overall efficiency, the ECB (DG Statistics) takes appropriate steps to provide the Commission (Eurostat) with the requested national data for money, banking and financial markets statistics. At the Commission's (Eurostat's) request, this arrangement can be extended to cover EU accession countries. In this context, the Commission (Eurostat) keeps the right to collect additional information directly from the competent national authorities, if the information provided by the ECB (DG Statistics) does not fully satisfy its needs.

11. The Commission (Eurostat) expertise in the calculation of the euro yield curves is recognised. The ECB (DG Statistics) may put forward to the Commission (Eurostat) its views with the intention of improving the method to calculate the euro yield curves.

Money, banking and financial markets statistics comprise all balance sheet data of institutions in the MFI sub-sectors (S.121, S.122) and in the sub-sector Other financial intermediaries, except insurance corporations and pension funds (S.123), and the related transactions; data on interest rates, yields, financial assets and derivatives prices; data on electronic money issuers, if not included above; securities issues, redemptions and amounts outstanding.

12. The ECB (DG Statistics) expertise in maintaining an agreed measure on **long-term government bond yields** as a convergence criterion is recognised. The ECB (DG Statistics) will continue to assist the Commission (Eurostat) in the execution of its statistical duties in accordance with the Protocol on the convergence criteria annexed to the Treaty.

Long-term government bond yield means the yield, calculated using the statistical principles recommended by the EMI Working Group on Statistics/ECB Statistics Committee, as an interpretation of the Treaty and Protocol wording.

³ In particular, according to ESA 95, the monetary financial institutions (MFIs) comprise the ESA 95 sub-sectors The central bank (S.121) and Other monetary financial institutions (S.122), and coincide with the MFIs for statistical purposes as defined and regularly published by the ECB.

13. Within the area of **balance of payments statistics**, responsibility at Community level is shared between the ECB (DG Statistics) and the Commission (Eurostat). With regard to the conceptual work, the ECB (DG Statistics) has prime responsibility in issues concerning the financial (sub-) account and concerning investment income, whereas the Commission (Eurostat) has prime responsibility in issues concerning all other parts of the current and capital account. However, reflecting the diverse interests and expertise in statistics relating to foreign direct investment, the ECB (DG Statistics) and the Commission (Eurostat) will share responsibility and tasks in this area. Only the ECB (DG Statistics) will compile monthly balance of payments and other aggregates relating to the euro area. Only the Commission (Eurostat) will compile aggregates relating to the Community. Annual detailed services and direct investment data of the euro area are published by the Commission (Eurostat) after validation by the ECB (DG Statistics).

14. The ECB (DG Statistics) and the Commission (Eurostat) will consult and co-operate closely in view of this shared responsibility. It is envisaged that the ECB/Eurosystem will impose statistical reporting obligations on the reporting agents to submit balance of payments statistics only where these are necessary for the monetary policy and other tasks of the ESCB. Similarly, the Commission will issue regulations and/or gentlemen agreements instructing the reporting agents to submit balance of payments data only for the purpose of carrying out these tasks that have been assigned to the Commission. Further details concerning this joint responsibility are set out in Annex 1.

Balance of payments statistics comprise external current, capital and financial account data at monthly, quarterly and annual frequency; and data on financial assets and liabilities outstanding (the international investment position), at least at an annual frequency.

15. In a related area, the ECB (DG Statistics) has prime responsibility for **international reserves statistics of the Eurosystem** and for the **nominal and real effective exchange rates of the euro**. The ECB (DG Statistics) will ensure that international reserves statistics conform to the IMF Balance of Payments Manual, 5th edition, and to the IMF operational guidelines for statistics on international reserves and foreign currency liquidity. Eurostat has prime responsibility for statistics on foreign affiliates (FATS).

International reserves statistics comprise monthly data on the stocks of reserve assets, other foreign currency liquid assets and reserve-related liabilities of the Eurosystem. *Statistics on foreign affiliates* comprise annual statistical data on affiliated companies involved in trade in services, broken down by sector of the resident entity and by residency of the counterpart. *Effective exchange rate statistics* comprise trade-weighted indexes, in nominal and real terms, of an economy vis-à-vis its important trading partners.

16. In the area of **financial accounts and related statistics** within the framework of national accounts statistics, responsibility at the Community level is shared between the ECB (DG Statistics)

and the Commission (Eurostat). Only the ECB (DG Statistics) will compile quarterly financial accounts for the euro area. The Commission (Eurostat) will ensure that all Member States meet their obligation to provide national financial accounts data under Council Regulation (EC) No. 2223/96. The ECB (DG Statistics) and the Commission (Eurostat) will consult and co-operate closely in view of this shared responsibility.

Financial accounts and related statistics consist of financial balance sheets, accounts for financial transactions and for other changes in financial assets and liabilities, at a quarterly and annual frequency, by institutional sector. The sectors are Non-financial corporations (S.11), Financial corporations (S.12), General government (S.13), Households (S.14), Non-profit institutions serving households (S.15), and the Rest of the world.

17. The area of **non-financial accounts by institutional sector** within the framework of national accounts statistics is under joint development by the ECB (DG Statistics) and the Commission (Eurostat). Consistency between non-financial accounts by institutional sector, financial accounts and balance of payments statistics is essential. The Commission (Eurostat) will ensure that all Member States meet their obligation to provide annual economic accounts by institutional sector under Council Regulation (EC) No. 2223/96. The regular production and publication of these annual statistics at the Community level remains the prime responsibility of the Commission (Eurostat). The development and publication of non-financial accounts by institutional sector for the euro area at quarterly and annual frequency is a shared responsibility.

Non-financial accounts by institutional sector comprise production, distribution and use of income and capital accounts, accounts for other changes in non-financial assets and balance sheets for non-financial assets, at a quarterly and annual frequency. The sectors are the same as for the financial accounts and related statistics.

18. The Commission (Eurostat) has prime responsibility for **general economic statistics** at the Community level. Since this area of statistics is of close interest to the ECB in carrying out its tasks, DG Statistics may put forward the ECB's views to the Commission (Eurostat) during the preparatory work and the regular production of the statistics by the Commission (Eurostat). In this context, the ECB (DG Statistics) keeps the right to collect additional information directly from the competent national authorities, if the information provided by the Commission (Eurostat) does not fully satisfy its needs.

General economic statistics comprise the harmonised index of consumer prices and other indices of prices and costs; data on domestic and national output, expenditure and income; statistics on production, demand, stocks, orders, labour markets, external trade, etc.; at monthly, quarterly, and annual frequency. In addition, this refers to the accounting rules, concepts and classifications used in economic statistics.

F. Statistical infrastructure

19. The statistical infrastructure, meaning common facilities, which are relevant to all or many statistics, is a shared responsibility. The ECB (DG Statistics) and the Commission (Eurostat) will consult and co-operate closely in view of this shared responsibility.

The statistical infrastructure includes seasonal adjustment methodology and practice, the design of a quality framework, and data transmission standards. It also relates to the common interest in promoting consistency between statistical concepts and international accounting standards for corporations and quasi-corporations.

G. Exchanges of data

20. The ECB (DG Statistics) needs a quick and reliable access to data compiled by the Commission. The Commission (Eurostat) needs similar access to data compiled by the ECB. Agreed arrangements for the timely exchange of data will be set out in a Service Level Agreement between DG Statistics and Eurostat, which also deals with the exchange of confidential statistical data. The Service Level Agreement will be reviewed by the respective Director Generals at least once a year.

H. Reproduction of data

21. The ECB (DG Statistics) and the Commission (Eurostat) reproduce, in electronic or in hard copy publications, data compiled by the other party. In principle, both parties reproduce the data as most recently released by the other party as a prime source, except that the data may be aggregated, or seasonally adjusted in a different way by the party reproducing them. The parties consult each other on any other major modification to the data published.

I. Organisation of co-operation

22. The ECB (DG Statistics) and the Commission (Eurostat) co-operate through bilateral contacts, through participation in the meetings of the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB)⁴, and subject to the respective rules of procedure also through the ESCB

⁴ In accordance with Article 9 of Council Regulation (EC) No. 322/97 and with Article 5 of Council Regulation (EC) No. 2533/98, the CMFB will take part, within the limits of its competence, in the process of co-operation between the ECB (DG Statistics) and the Commission (Eurostat).

Statistics Committee and the Statistical Programme Committee, and through Working Groups and Task Forces set up by the committees.

23. To the extent possible, disagreements between the ECB (DG Statistics) and the Commission (Eurostat) on the interpretation and execution of this Memorandum of Understanding will be resolved at the working level. Where no agreement can be reached at this level, the management of DG Statistics and Eurostat, and if necessary, the Director General Statistics at the ECB and the Director General of Eurostat will endeavour to resolve the issue. Where they are unable to do so, the member of the ECB's Executive Board responsible for statistics and the member of the Commission responsible for statistics will endeavour to come to an agreement.

J. Updates

24. At the request of either party, the ECB (DG Statistics) and the Commission (Eurostat) may review and update this Memorandum of Understanding.

In the presence of Commissioner Pedro Solbes Mira and the Member of the Executive Board of the ECB Eugenio Domingo Solans.

Done at Brussels on 10 March 2003.

On behalf of the Commission (Eurostat)

On behalf of the ECB (DG Statistics)

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