



Eurostat's ex-ante and ex-post advice **on methodological issues**¹

1. BACKGROUND

The ECOFIN Council of 8 November 2005 concluded that

“a distinction should be made concerning Eurostat's and the CMFB's views and Eurostat's decisions on past transactions on the one hand and views concerning transactions that will take place in the future on the other, notably when planned transactions will have a potentially significant impact on EDP matters [...]. As to the latter, timely views and guidance provided under mutual trust are essential to facilitate effective fiscal planning and forecasting. The Council invites the Commission to reflect further on this issue, and will revert to the matter in a later meeting, in particular with a view to establishing procedural guidelines, including CMFB consultation, for the delivery of such advice.”

This document follows up on the Council's invitation. Whilst it is orientated towards Member States, it would also be relevant for Eurostat's work with accession or candidate countries.

2. DEFINITION OF “EX-ANTE” AND “EX-POST” CASES

Following the indications of Council Regulation 479/2009 regarding the quality of statistical data in the context of the excessive deficit procedure, as amended Member State shall request clarification from Eurostat, in the event of doubt regarding the correct implementation of the ESA 95 accounting rules. Therefore, Member States may contact Eurostat for an "ex-ante advice" in case of operations which have not yet taken place at the time of the letter from the Member State, or can seek advice in case of doubt on the statistical treatment of some already recorded transactions. In the latter case, Eurostat would provide an "ex-post advice".

There could also be cases when Eurostat becomes aware of possible ex-ante cases by other means (for example by the request of other DGs of the Commission or from specialised press). If considered appropriate, Eurostat will write to the Member State concerned requesting further details. In this case, the ex-ante consultation process may be

¹ This note was updated on 18 January 2013.

initiated by Eurostat, nevertheless the Member State will be invited to submit a formal demand on advice on the issue concerned to Eurostat.

3. EUROSTAT'S EXISTING EXPERIENCE OF PROVIDING ADVICES

Eurostat has provided ex-ante and ex-post views in the past on individual operations in Member States, in different ways:

- By formal Eurostat decision after consultation of the CMFB.
- By direct letter to the Member State concerned.
- During the course of EDP visits to countries – these are recorded in the findings of the visits which are published.
- During special bilateral meetings where countries themselves have visited Eurostat to discuss specific issues.
- Exchanges of emails between Eurostat and the Member State concerned.

However, in response to the request from the ECOFIN Council, the procedure for providing advice is formalised. Of course for Eurostat one element in providing ex-ante/ex-post views is for Eurostat to quickly identify new types of transactions undertaken by Member States and – by ensuring that suitable rules are established - to deal with future operations of the same type.

4. MAIN GUIDELINES

4.1 Eurostat's advices are preliminary and conditional to the information provided

One fundamental point is that Eurostat can only give a view based on the information provided by a Member State, and - if necessary - on the work undertaken in a Task Force and a CMFB opinion². Any view given by Eurostat can only be preliminary whilst the design and the implementation of the planned operation has not yet been finalised. Once an operation has been finalised, the Member State should inform Eurostat of the details so that Eurostat may check if its preliminary view remains valid, or if further analysis is required.

The opinion of Eurostat is always conditional to the information provided. If this information is not fully accurate, or if the conditions included in the documentation change in a way that the treatment in national accounts differs, this opinion will no longer be applicable.

² Committee on Monetary, Financial and Balance of Payments Statistics. See Rules of procedures of the CMFB.

4.2 Eurostat only engages in dialogue with the competent national authority

It needs to be stressed at the outset that Eurostat may receive requests for clarification from private advisors and some government ministries not connected at all with the EDP reporting process. In these cases Eurostat would provide references to existing published statistical guidance and the request that the statistical authority in the Member State concerned is contacted.

National Statistical Institutes (NSI) , Finance Ministries and Central Banks may all approach Eurostat (at Director level) with ex-ante/ex-post cases, but for the last two bodies the cases must be brought up via the NSI (or the relevant national statistical authorities in case it is not the NSI). The case has to have been previously discussed with the NSI and the methodological analysis and opinion of the national statistical authorities should be included in the package of information sent to Eurostat. This recognises the prime role of these statistical authorities in the application and interpretation of national accounting rules.

4.3 Confidentiality is a concern and must be properly dealt with

Eurostat is committed to adopting a fully transparent framework for its decisions on deficit and debt matters. The general principle should be that all preliminary views of Eurostat are quickly published, either the individual Eurostat letter to the Member State or the eventual Decision of Eurostat after a CMFB consultation. This is in accordance with Regulation 479/2009, as amended, which stipulates that the decisions shall be made public, together with the opinion of the CMFB (if applicable), without prejudice to the provisions relating to statistical confidentiality of Regulation (EC) No 322/97.

This may however conflict with the confidentiality required by a Member State when seeking a view on a future operation. Moreover, it could discourage Member States from consulting Eurostat. Therefore Eurostat will systematically request the agreement of the Member State to publicise its opinion as long as the operation has not yet effectively taken place. The best approach for confidential operations would be to publish Eurostat's views at the same time that the final operation is publicly announced (after checking that nothing has changed since the preliminary view).

Nevertheless, but only after the operation as such has effectively taken place, and in case a Member State does not agree with the publication of Eurostat's advice letter due to confidentiality reasons, Eurostat preserves the right to communicate to the public in an open and transparent way its view on the operation without publishing the formal advice letter and in respect of the confidentiality of the Member State's point of view. This is in accordance with indicator 1.7 of the European Code of Practice: "The National Statistical Office and Eurostat and, where appropriate, other statistical authorities, comment publicly on statistical issues, including criticism and misuse of statistics as far as considered suitable." This communication could be in the form of a press release or note on the web site.

In all cases, Eurostat will closely coordinate its communication with the Member State.

4.4 Eurostat should limit itself to larger or complex transactions

Normally Eurostat will be asked for its advice on novel operations, where the National Statistical Institute is unable to reach a view based on existing guidance. There is also a question of scale – only operations with either an expected substantial deficit or debt impact or with a particularly complex nature should be considered. However all operations which result in the Treaty Protocol reference values being exceeded, or those which mean a Member State no longer exceeds the reference values, should be carefully examined.

4.5 Eurostat must receive a request for advice in good time and with all supporting material

All requests for a Eurostat preliminary view should be submitted in writing in good time – this would mean at least two months before the operation is planned to take place (and preferably earlier). The requests should be accompanied by all relevant documentation and by an analysis and opinion of the national statistical authority concerned. The request for advice should be addressed to the Eurostat Director of Directorate D (Government Finance Statistics).

In turn, Eurostat will provide a clear timetable to the Member State for formulating and delivering its preliminary view, or explicitly ask the Member State for further information if needed. Eurostat will provide its preliminary view as soon as possible and no later than two months after receiving the request, depending on the completeness of the required documentation. However, if the issue requires a Task Force and the opinion of the CMFB, the timetable may be different.

4.6 Exchanges of views on different options are not generally welcomed

Eurostat does not intend to put itself into a position of negotiating with Member States over the classification of borderline cases. For this reason Member States should be encouraged to ask for advice on one design of an operation and to propose a clear option for the statistical recording of the operation.

4.7 Member States should provide the Commission with revised data once the clarification is provided

In line with Council Regulation 479/2099, as amended, Member States shall inform the Commission, of any major revision to already-reported actual and planned government deficit and debt figures, as soon as they become available. This also includes revisions resulting from recently provided advices from Eurostat.

4.8 Good coordination

It will be important that multiple lines of communication on ex-ante and ex-post cases between the Member State concerned and the Commission are avoided. Eurostat will coordinate with other services of the Commission, as appropriate, to ensure that all interested services share the necessary information. In turn, the responsible Member State institution should always ensure that agreed Member State views are provided to Eurostat.

5. ADMINISTRATIVE STEPS

The annex table shows illustrative chronological steps for the provision of a Eurostat "ex-ante" and "ex-post" view.

Annex – Administrative steps for providing a Eurostat ex-ante view

<p><u>Step 1</u></p> <p>Initiation of the process</p>	<p>Member State EDP Reporting authority writes a letter to <u>Eurostat Director D Government Finance Statistics</u> requesting ex-ante or ex-post advice from Eurostat on the statistical recording of an operation. In the case of ex-ante advice, the letter must be sent at least 2 months before the operation is planned to take place, and contain full details of the planned operation, including an analysis and opinion of the relevant national statistical authority.</p>
<p><u>Step 2</u></p> <p>Within two weeks of receipt of the Member State letter</p>	<p>Eurostat acknowledges receipt of the letter, provides a copy to other Commission services as appropriate, makes an initial analysis of its contents and either:</p> <ul style="list-style-type: none">a) requests more information from the Member State, orb) provides the Member State with a holding reply and possibly a deadline by which it will provide a preliminary view.
<p><u>Step 3</u></p>	<p>Eurostat analyses the material supplied by the Member State in depth and either:</p> <ul style="list-style-type: none">a) reaches an internal view on the appropriate statistical classification, orb) after agreement of the NSI and in close cooperation with the CMFB Executive Body, establishes a Task Force with a view to making a consultation of the CMFB and a Eurostat Decision at a later stage.

<p><u>Step 4</u></p> <p>Within up to two months of a complete dossier with Eurostat, or later if CMFB consultation needed</p>	<p>Eurostat provides its preliminary view to the Member State, either in the form of a bilateral letter or through a Decision taken after consultation of the CMFB. The view includes a deadline for the Member State to inform Eurostat on whether it accepts Eurostat's letter to be publicised. In case the Member State does not explicitly request confidentiality before this deadline, Eurostat publishes the letter.</p>
<p><u>Step 5</u></p> <p>Quickly after a CMFB consultation or bilateral letter, unless confidentiality applies</p>	<p>A Eurostat Decision taken after consultation of the CMFB will always be published. Bilateral letters providing a Eurostat's view will be published in function of the deadline indicated above, provided the MS does not oppose publication due to confidentiality reasons.</p>
<p><u>Step 6</u></p> <p>When the operation is implemented, or a decision is made to not go ahead</p>	<p>The Member State will provide Eurostat with full details of the operation when implemented, or inform Eurostat that the operation has not in fact gone ahead. In the former case Eurostat will check that its preliminary view remains appropriate and, if needed, reopen the dialogue with the Member State. Eurostat may publicise its opinion when the operation is implemented even if the letters are not publicised.</p>