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Subject: Sector classification of SACE (the Italian Export Credit Agency)

Reference: Final findings of the EDP dialogue visit to Italy of November 2018¹
Follow-up of Action Point 20 issued during the 2018 EDP dialogue visit
Final findings of the EDP dialogue visit to Italy of January 2021²
Follow-up of Action Point 11 issued during the 2021 EDP dialogue visit
Main conclusions and action points of the EDP dialogue visit to Italy of
November-December 2022³
Follow-up of Action Point 14 issued during the 2022 EDP dialogue visit

Dear Mr Blangiardo,

Following bilateral discussions and after having examined the documents under reference, Eurostat would like to provide you with its opinion regarding the sector classification of SACE SpA (*Servizi Assicurativi del Commercio Estero*), the Italian Export Credit Agency.

1. THE ACCOUNTING ISSUE FOR WHICH A CLARIFICATION IS PROVIDED

The issue for which an opinion is being provided is the appropriate sector classification of SACE according to ESA 2010 methodology. SACE is the Italian export credit agency. While it has been traditionally specialized in the support of exporting and internationalization of Italian companies, recent government measures have changed its *modus operandi* and also

¹ [2b81e126-ab18-46a1-b0e1-5a81661096a6 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

² [93eadd4a-6203-5090-3685-000eae93da90 \(europa.eu\)](https://ec.europa.eu/eurostat/tgm/table.do?tab=table&init=1&language=en&plugin=1)

³ Final findings not published yet.

broadened its scope by adding elements such as support for investments on the domestic market and guarantees for green projects under the Italian Green New Deal framework. Until 21 March 2022, SACE was a 100% subsidiary of *Cassa Depositi e Prestiti* (CDP)⁴ and, since then, is 100% owned by the Italian Ministry of Economy and Finance (MEF). The company is currently classified in the financial corporations sector (S.12).

1.1. Documentation provided

The sector classification of SACE was discussed in the EDP dialogue visit in 2018. Prior to that visit, ISTAT provided to Eurostat a note on the statistical recording of the export credit insurance in government accounts. The issue was followed up with an exchange of emails relating to the action point 20 agreed in that visit.

The sector classification of SACE was re-discussed in the EDP dialogue visit in 2021. As a follow up of the action point 11 agreed in the 2021 visit, ISTAT provided a number of clarifications requested by Eurostat. Due to the ongoing legislative changes having impact on the final organisation and business model of SACE at the time, Eurostat however agreed to postpone the decision on the sector classification of SACE until the legislative process was finalised.

In the EDP dialogue visit in 2022, Eurostat revisited again the issue and discussed the change in the SACE's ownership and in the risk-sharing mechanism that was completed in 2021. Following the explanations provided in the visit, Eurostat has now completed the review of the elements relevant for the statistical analysis and is providing its opinion in this letter.

1.2. Description of the case

SACE has traditionally been the Italian export credit agency specialised in supporting Italian companies in their internationalisation. Until 21 March 2022, it was a 100% subsidiary of CDP and, since then, is 100% owned by the Italian MEF. The company is currently classified by ISTAT in S.12.

Under this export agency role, and according to the model valid until 2020, the Italian government granted a last resort guarantee to SACE within the limits of the Budget Law. In addition, SACE also benefited from (1) a 10% guarantee on the entire SACE's portfolio and (2) 'exceeding guarantees' that could be granted, at the request of SACE, on a case-by-case basis and within pre-established limits (concentration thresholds).

Legislative changes introduced in 2020:

The recent measures undertaken by the Italian government, notably the Decree Law No 23/2020, have broadened the scope and activities of SACE beyond the traditional export credit support and have also significantly amended the arrangement between SACE and the MEF, notably in relation to export insurance. Both Eurostat and the Italian statistical authorities considered that these government measures may have implications in the treatment of SACE in government accounts.

Following these recent measures, SACE's activities, in addition to the traditional export insurance business, now include: (i) support for investments on the domestic market, in a form of guarantees for investments, with a focus on small and medium-sized enterprises and

⁴ The national development bank with 84% of the capital owned by the Italian government.

(ii) guarantees for green projects. In particular, the Italian Green New Deal framework is a set of measures aimed at promoting sustainable economic growth in Italy and reducing the country's carbon footprint. SACE has thus been designated as a key player in this framework and is now providing guarantees for green projects in Italy.

The amendments relating to the organisation of SACE, notably concerning the export insurance business, mainly concerned the following elements:

1) Change in the SACE's governance (without changing the ownership yet) determined by the provisions of Article 3 of the Decree Law 23/2020 converted into Law 40/2020 ("*Decreto Liquidità*"), according to which SACE was not anymore subject to the management and coordination by CDP and was obliged to consult in advance with the MEF on specific business and corporate decisions relevant to the effective implementation of measures.

2) The reversal in the risk sharing mechanism: in contrast to the previous model, the MEF now assumes 90% of the risks/rewards (instead of 10%).

The MEF, first, reinsured 90% of the commitments (both principal and interest) that existed in the balance sheet of SACE as of 8 April 2020 (date of approval of Decree Law 23/2020). This is described in the 2021 Annual Report of SACE: "*At 31 December 2021, the most significant form of risk transfer for SACE S.p.A. was the reinsurance with the MEF [...] which extended, on the risks in the portfolio, the reinsurance percentages compared to the previous Agreement signed with the MEF in 2014, [...] which regulated the proportional transfer of risks that may result in high levels of concentration for SACE. As part of the measures to support exports, internationalisation and business investment, the Liquidity Decree introduced the transfer of reinsurance risk to the MEF, up to 90 per cent of the commitments undertaken by SACE on the date Decree law no. 23/2020 came into force, with some specific exceptions in respect of exposures for which the risk profile is badly impaired*".

Secondly, the Law stipulates that the MEF reinsures, with some exceptions, additional insurance commitments undertaken by SACE between 8 April and 31 December 2020, i.e., in the period between the effectivity of the Decree Law and the date when the new mechanism takes effect (in 2021).

Thirdly, from 1 January 2021, a new framework is introduced where SACE co-insures new commitments with the MEF taking a major part of the risk (new 90/10 ratio). This change is described in SACE's 2021 annual report: "*Article 2.9 of the Liquidity Decree also introduced a new regulatory framework, effective as of 1 January 2021, whereby SACE takes on commitments arising from insurance and guarantee activities for non-market risks up to ten per cent of the principal and interest of each commitment. The remaining ninety per cent is taken on by the State without solidarity bond. The new scheme, regulated by a specific Agreement signed by the MEF and SACE, increases SACE's underwriting capacity to support exports. In this respect, SACE can reinsure with the other Export Credit Agencies (ECAs) the operations both for its share and that of the MEF, based on framework agreements that regulate relations with the other ECAs. In addition to state reinsurance, SACE portfolio is also reinsured with leading specialised private counterparties, in line with the requirements of the reinsurance strategy*".

The duration of the specific agreement between SACE and MEF, signed in November 2020, stipulating the new risk sharing mechanism, is 10 years.

Accordingly, in line with the art. 2 of the Law, 90% of the assets in which the technical reserves were invested were to be transferred from SACE to the MEF. In SACE's own accounts, the amounts of technical provisions were, however, not reduced and, instead, SACE recorded a claim towards the MEF as an insurer (item "*Dbis. Riserve tecniche a carico dei riassicuratori*, sub-item *Riserva premi*" or "Reinsurer's share on technical reserves" in English). Separately, as the transfer of the proportional share of collected premiums to the MEF took place over time, a payable of EUR 1.5 billion was recorded in 2020 ("*Debiti e altre passività, Derivanti da riassicurazione*") which was redeemed by SACE in 2021 and 2022. After the transfer of commitments, the management of these assets was nonetheless entrusted to SACE on behalf of government.

3) A new Export Public Support Committee was created, wholly composed of government officials, with the aim to: (a) approve the annual activity plan, (b) express opinion on those transactions determining a high concentration of risk for which a preliminary authorization of the MEF is required and (c) supervise the proper functioning of the government support to the export credit insurance. Article 2 of the Law prescribes that, in case of operations that may determine 'concentration risk', the issue of guarantees and insurance coverage should be approved by Decree of the MEF, subject to the advice of the Export Public Support Committee.

The reorganization of the SACE Group was signed by the MEF by means of the 'SACE Decree' in January 2022 (according to Article 67 of Decree Law 104/2020, converted to Law 126/2020 and following the agreement between the MEF, CDP and SACE). In March 2022, 100% ownership of CDP in SACE was sold to the MEF, with payment in government bonds issued for this purpose. The market value of the government bonds was EUR 4,251 million.

In May 2022, following the change in SACE's ownership, the Board of Directors (BoD) was renewed for the period 2022-2024. Currently, the BoD of SACE is composed of nine members, of which three are government officials. The Statute of SACE do not assign specific powers to the government officials that are members of the BoD.

2. METHODOLOGICAL ANALYSIS AND CLARIFICATION

2.1 Applicable accounting rules

Rules for the definition of institutional units and of the sectorization of units are described in ESA 2010 chapter 2. The concept of government-controlled entity is defined in ESA 20.309 and in the Manual on Government Deficit and Debt (MGDD) chapter 1.2.3. ESA 2010 paragraphs 2.21-2.28, 2.61, and 20.32-20.34, as well as the MGDD chapter 1.6.6 on captive financial institutions, provide rules for the sector classification of public entities involved in financial activities.

2.2 Availability of national accounting analysis

The Italian statistical authorities provided to Eurostat various analytical notes and additional clarifications on the sector classification of SACE in the course of 2018-2022, as described in point 1.1 above. In their analysis, the Italian statistical authorities considered that SACE should be reclassified in the general government sector since 2021.

2.3 Methodological analysis and clarification by Eurostat

In conformity with the decision tree on classification (see for instance Chapter 20 of ESA 2010), the classification decision consists in deciding a) if the entity is an institutional unit ('autonomy of decision'), b) whether it is public or private controlled, and c) whether its activity is market or nonmarket. However, for units primarily engaged in financial activities, further analysis should be carried out, so to examine if the unit is a financial intermediary or a financial captive.

Institutional unit:

On the basis of the information provided by the Italian statistical authorities, Eurostat observes that, following the legal provisions, SACE is able to draw a full set of accounts, can own assets and incur liabilities on its own behalf and can take economic decisions for which it is responsible and accountable at Law. The entity therefore seems a priori an institutional unit under ESA 2010 paragraph 2.12, unless it can be established that SACE has otherwise the characteristics of an artificial subsidiary, an ancillary unit or a captive.

It should be noted that the government direct control of the management board or of key committees may raise, for financial entities and in some circumstances, a question mark on the genuine autonomy of decision of the entity. Indeed, MGDD part 1.2.2 *Concept of an institutional unit*, paragraph 15 states: *"The appointment of the majority of the management board with government officials can be, in the case of financial entities, an indicator that the entity does not have decision-making autonomy 'in the exercise of its principal function' and if this is the case, the entity should be classified in general government."*

The SACE BoD, renewed in May 2022, is currently composed of nine members, including three public officials. Although the public officers do not represent a majority of all BoD' members, they might, however, have significant influence on SACE's business decisions.

More crucially, Article 2 of the Decree Law establishes the Export Public Support Committee that consists of six members – all of them representatives of various Ministries. The main tasks of the Committee are: (1) to approve the annual activity plan, (2) to express opinion on those transactions determining a high concentration of risk and for which the preliminary authorization of the MEF is required (via an ad hoc Decree) and (3) to supervise the proper functioning of the government support to the export credit insurance. The Committee is not an internal body of SACE but has nonetheless rather significant powers concerning the approval of strategic documents and decisions on some significant operations.

In relation to the above, it is indeed accepted that control could be established through key committees, although not through the board of directors or the supervisory board. As an example, ESA 2010 paragraph 20.309c and MGDD part 1.2.3 paragraph 28 indicate that *"rights to appoint, veto or remove a majority of appointments for key committees (or sub-committees) of the entity having a decisive role on key factors of its general policy"* can be sufficient to establish control.

As described above, the Export Public Support Committee has a significant role in the decision-making process of SACE's business activities. Decisions are usually taken by the SACE's BoD, in line with the strategic guidelines included in the Annual Activity Plan approved in advance by the MEF after consultation by the Export Public Support Committee. In addition, in case of operations that may imply high concentration risk, Article 2 prescribes that such issuance of guarantees and insurance coverage must be approved by Decree of the MEF, subject to the advice of the Export Public Support Committee. The Committee verifies the compliance of the new operations or possible amendments with the Annual Activity Plan,

the Risk Appetite Framework and the Agreement with the State. Such broad competence of the Export Public Support Committee can in fact be assimilated to veto power by government officials on SACE's operations.

In summary, government officials are thus represented in two key bodies: in the Board of Directors (although not by a majority) and in the Export Public Support Committee (where all members are government officials), in such a manner that autonomy of decision of SACE may be questioned.

Public control:

Until 21 March 2022, SACE was a 100% subsidiary of CDP (which is mainly owned by the Italian government) and, since then, SACE is 100% owned by the MEF. As such, and based on the sole ownership criterion, SACE is controlled (directly or indirectly) by government and belongs to the public sector.

While belonging to the public sector can be achieved indistinctly either through direct or indirect control (ESA 2010 paragraph 20.306 and MGDD chapter 1.2.3 paragraph 20), direct control may have consequence for the final evaluation of the sectorisation of the unit, including for assessing the autonomy of decision of some financial entities (see above) or for the characterisation of the type of captive a unit is (see below).

Direct control is achieved in 2022 through the direct ownership criterion, and in 2020-2021 through specific legislation and the role of the Export Public Support Committee. Indeed, in 2020, the changes introduced by Article 3 of the Decree Law 23/2020 converted into Law 40/2020 (*'Decreto Liquidità'*) enhanced the role of SACE in the export credit insurance and in the support to Italian exporters. In relation to the SACE's governance, the new decree implied a transfer of decision-making powers from CDP towards the State, represented by the MEF and the Ministry of Foreign Affairs and International Cooperation. Accordingly, SACE (although still owned in 2020-2021 by CDP and not yet by the MEF) was not anymore subject to the management and coordination by CDP. In particular, Article 3 obliged CDP to consult with both Ministries the appointment of SACE's corporate bodies, business decisions relating to export credit insurance, investments and support measures, prior to their realization.

Concept of a financial intermediary and market character of SACE:

In the Italian government accounts, SACE is currently classified as an insurance corporation in the financial corporations sector (S.128). ESA 2010 paragraph 2.57 defines financial intermediation as the activity in which an institutional unit acquires financial assets and incurs liabilities on its own account by engaging in financial transactions on the market (i.e., with the public at large). As mentioned above, SACE's main business was to support the export and the internationalization of Italian companies through insurance and reinsurance activities, including the "*issuance of credit guarantees against non-market risks*" (SACE's Annual Report for 2021, p.26 and 194).

In 2020 SACE was entrusted, in addition to its a strategic role in the implementation of export support measures (and relaunch investments), with new initiatives that were mainly aimed at increasing the liquidity of companies affected by the COVID-19 pandemics, at ensuring short-term commercial credits and at facilitating investments towards the green economy. These significant (sometimes temporary) government measures and the related

regulatory interventions introduced by the ‘*Decreto Liquidità*’ and by ‘*Decreto Rilancio*’ considerably expanded SACE’s activities carried out on behalf of the Italian government and, at the same time, limited the activities realized at its own risk.

As a result, after a significant expansion of SACE’s activities, mainly in the context of public policy objectives and under the close monitoring by the MEF, the Italian government decided to take over a majority of risks relating to SACE’s activities. In particular, Decree Law No 23/2020 introduced a change in the risk-sharing mechanism between SACE and the State. The MEF, first, covered the risks relating to SACE’s old business (resulting in a transfer of 90% of already existing commitments to the MEF, as described above) and, secondly, the risks from the reinsurance of 90% of the commitments relating to the new business initiatives. The reversal in the 90/10 ratio also applied to rewards. As a part of the changes, 90% of the collected premiums were transferred by SACE to the MEF. Furthermore, from 1 January 2021, a new regulatory framework was introduced where new commitments, originating after this date, are co-insured by SACE together with the MEF, using the ratio already applied for the reinsurance, i.e., 90% of new commitments were insured by the MEF, while the remaining 10% by SACE.

After the new regulatory measures described above became operational in 2020 and 2021, the proportion of the activities carried out on behalf of government (and recorded off SACE’s balance sheet) together with the activities, for which a majority of risks (90%) is covered by the Italian government through reinsurance or co-insurance, became preponderant. Based on the data provided by the Italian statistical authorities, this proportion was about 72% or 74% respectively on the total stock of operations carried out in 2020-2021 (see the table below). The ratio is expected to rise in next years, considering some current or planned government measures aimed at alleviating the impact of high-energy prices on companies.

Risk exposure to government on the total portfolio of transactions (stocks) completed in 2020 and 2021, after implementation of the new regulatory framework:

	2020	2021
On-Balance sheet exposure assumed by the MEF (reinsurance of 90%)	72%	63%
Off balance sheet exposure on behalf of government (coinsurance of 90%)	0%	11%
Total exposure to government through reinsurance and coinsurance	72%	74%

ESA 2.57 defines a financial intermediary as an entity that places itself at risk by incurring liabilities on its own account. However, if a public financial unit manages assets but does not place itself at risk by incurring liabilities on its own account, according to ESA 20.33, such entity is not a financial intermediary, and the unit is classified in the general government sector rather than in the financial corporations sector.

With the new arrangement, SACE’s activities are mostly related either to activities carried on behalf of government with no risk exposure or to activities carried out under the supervision of the Export Public Support Committee with only a residual SACE’s exposure, such that SACE cannot be deemed a financial intermediary in the meaning of ESA 2010.

Additionally, it should also be noted that an entity that seemingly carries financial intermediation, in so far as it transacts on the market with the public at large on both sides of its balance sheets, on its own accounts, and by doing so meaningfully transforms funds, must

also meet the market test (except the central bank) in order to be recognised a financial intermediary in the ESA 2010 meaning and classified as such in S.12. While it is generally agreed that the traditional market/non-market test is not meaningfully relevant for many financial units (ESA 2010 paragraph 20.34) despite an explicit reference to do so (ESA 2010 paragraph 3.33(c)), nonetheless, to meet the market criteria, the unit must be charging fees/prices, explicitly or implicitly (e.g. through interest), that meet the ‘economically significant price’ criteria of ESA 2010 (for instance paragraphs 1.37 and 20.19-20.21). In this context, it is questionable whether SACE is mostly *acting to maximise its profit* (ESA 2010 paragraph 1.37) or, in contrast, whether SACE prices are primarily *established for public policy purposes* (ESA 2010 paragraph 20.21).

Concept of a captive financial institution

ESA 2010 paragraphs 2.20 to 2.23 explain the notion of financial captive, to be classified in the subsector S.127. “*So captive financial institutions, artificial subsidiaries and special purpose units of general government with **no independence of action** are allocated to the sector of their controlling body.*”... “*The **degree of independence** from its parent may be **demonstrated by exercising some substantive control over its assets and liabilities to the extent of carrying the risks and reaping the rewards associated with the assets and liabilities.** Such units are classified in the financial corporations sector*”. “*An entity of this type that **cannot act independently** of its parent and is simply a passive holder of assets and liabilities (sometimes described as being on autopilot) is not treated as a separate institutional unit unless it is resident in an economy different from that of its parent. If it is resident in the same economy as its parent, it is treated as an ‘artificial subsidiary’ as described below*” (bold added).

The subsequent ESA 2010 paragraphs 2.24 and 2.26 then explain the concepts of artificial subsidiary and of ancillary unit and provide the justification that these entities do not meet the criteria to be recognised as institutional units, and that such entities are therefore deemed to be lacking decision-making autonomy.

Thus, ESA 2010 invites the statisticians to ascertain the degree of dependence of financial units that could possibly be seen as captives of their parents, by looking at the substantive control that the parent has on the assets and liabilities of the unit by reference to the risks and rewards. Taking into account the elements of government control and the risks and rewards identified in previous points, SACE might also be regarded as an entity having features of a captive financial institution with insufficient independence of action according to ESA 2010.

MGDD part 1.6.6 helps to operationalise the ESA 2010 paragraphs with respect to financial captives, notably paragraph 52: “*Captive financial institutions are considered institutional units according to ESA 2010 criteria (see ESA 2010 paragraph 2.12), but have a limited capacity of decision as regards their current management and are very much dependent on their parent (controlling unit) as regards the conduct of their activity. Thus, the influence of their controlling unit goes beyond the coverage of the notion of control in national accounts, which refers to the influence on the general policy and the strategy of the unit, i.e. the parent control goes beyond key decisions and a significant influence is also observed in ‘day-to-day’ activities, implementing the defined strategy*”.

In order to conclude that the unit has the features of a captive financial institution in the government sector (i.e. with insufficient ‘independence of action’), the MGDD part 1.6.6 paragraph 59 defines the following conditions to be fulfilled at the same time: 1) the unit

carries out a limited range of activities in narrow conditions set by government (in the framework of public policy objectives), 2) government influence or constraints is evidenced simultaneously on both the assets side and the liabilities side of the unit, and 3) the unit does not behave like a ‘normal’ commercial entity (e.g. no expectation of a market rate of return on equity).

In relation to the narrow conditions set by government on SACE’s business strategy, Eurostat took note that the Annual Activity Plan and the Export Public Support Committee (composed of the representatives of Ministries) have a significant role in determining the general policy of SACE and also in some decisions about the size of interventions or about the type of beneficiaries. In particular, the Committee approves the annual business plan that defines the planned amount of transactions to be guaranteed, broken down by geographical area and macro-sectors, indicating the amount of transactions to be submitted for prior authorization by the MEF and the risk limit system to be applied, with a particular attention to the transaction that might trigger high concentration risks. In case of operations that may imply high concentration risk, the issuance of such guarantees and insurance coverage must be approved by a specific Decree of the MEF, subject to the advice of the Export Public Support Committee. The Export Public Support Committee has, *de facto*, some sort of veto power on strategic decisions, business objectives and investment initiatives of SACE.

As regards the constraints on the liabilities side, the MGDD part 1.6.6 paragraph 58 specifies: *“the unit would not be able to borrow without the authorisation of the parent unit, or would mainly be financed by the parent unit or, in some cases, would have most of its borrowing explicitly guaranteed by its parent unit”*. In its 2021 Annual report, SACE reported, under deposits assets with credit institutions, EUR 31 billion paid by the MEF on SACE’s current account and held by the Italian Treasury (deposited in the Bank of Italy). A counterpart entry of the same amount was recorded in miscellaneous liabilities. These resources, although not actually transferred, are available to SACE for financing the operations undertaken on behalf of government under the ‘*Garanzia Italia*’ measure (which is currently the major part of the SACE’s business). Thus, it corresponds to a government commitment to provide resources via this specific fund endowed by government. This fund currently constitutes a majority of financing resources of SACE (in 2021, the total liabilities amounted to EUR 45.8 billion, of which EUR 31 billion represented by the fund). It can therefore be considered that SACE is mainly financed by the controlling unit.

Finally, Eurostat notes with interest that a Fitch rating report of December 2022⁵ says the following: *“Fitch expects Italy’s national government would take over SACE’s liabilities in the event of financial stress. Liability transfer implications stem from the combination of legislative and administrative deliberations which, in 2020, changed SACE from an unregulated export credit Insurer to an agent acting on behalf of the state in providing insurance policies backed by state guarantee”*.

To summarise, SACE is a government-controlled entity that was created with a legal status of a financial institution for public policy purposes. More markedly in recent years, SACE has carried out a predominant part of its activities on behalf of government or has entered into the transactions where a majority of risks are born by government.

As a financial institution, SACE does not primarily place itself at risk by acquiring financial assets and incurring liabilities on its own account but, instead, mainly acts on behalf of

⁵ <https://www.fitchratings.com/research/international-public-finance/sace-spa-20-12-2022>

government. Taking into account constraints on the asset side as well as on the liability side, as described above, Eurostat considers that SACE does not act independently in the meaning of ESA 2010 paragraphs 2.22-2.23, and thus has limited autonomy of decision.

Eurostat took note that such situation was mainly a result of the new measures introduced in 2020. Accordingly, SACE should be considered as an entity having the features of a captive financial institution without sufficient independence and, therefore, should be classified with its controlling unit in general government (S.13).

Rerouting:

The MGDD in part 1.2.4.5.2 *Rearranging of transactions carried out by non-government units when they act as ‘government agents’ or at government’s request* paragraph 109 presents a number of indicators that are sufficient for rearranging the operations (stocks and flows) via government accounts. In particular, the following one is relevant in this case: “*c) the general government officials are the majority of members in investment committees which actually decide if the unit should undertake a specific transaction(s)*”.

One could therefore also consider that, irrespective of the considerations above, the government control on SACE, exercised through the representation in its two decision-making bodies, should be sufficient for requiring rerouting SACE’s operations through government accounts, as they would be deemed as undertaken on behalf of government.

3. CONCLUSIONS

Considering the elements above, Eurostat is of the opinion that SACE is an entity having the features of captive financial institutions without sufficient independence of action, controlled by government and, therefore, should be reclassified in the general government sector (S.13).

4. PROCEDURE

This view of Eurostat is based on the information provided by the Italian authorities. If this information turns out to be incomplete, or the implementation of the operation differs in some way from the information presented, Eurostat reserves the right to reconsider its view.

In this context, we would like to remind you that Eurostat is committed to adopt a fully transparent framework for its decisions on debt and deficit matters in line with Council Regulation 479/2009, as amended, and the note on ex-ante advice, which has been presented to the CMFB and cleared by the Commission and the EFC. Eurostat is therefore publishing all official methodological advice (ex-ante and ex-post) given to Member States on its website.

Yours sincerely,

(e-Signed)
Luca Ascoli

Director