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OPINION

**of the European Statistical Governance Advisory Board (ESGAB) on
upholding the principles of the European Statistics Code of Practice in the
implementation of Regulation (EU) No 549/2013 on the European system of national
and regional accounts in the European Union (ESA 2010)**

The use of statistical indicators as thresholds in EU policy-making has increased significantly and irreversibly in recent years. This leads to some indicators being used as control figures, subjecting the statistics in question to significant political visibility, and possible pressure at times. This risks undermining confidence in official statistics, and perhaps even the institutions that produce the data.

The responsibility of statisticians to independently decide on methods, standards and procedures needs to be recognised, and the independence of statistical institutions protected, in order to preserve the credibility and trustworthiness of the European Statistical System (ESS). This independence has been underpinned by European legislation, especially in the aftermath of the issues concerning Greek fiscal data some years ago.

In this context, ESGAB has been observing with growing concern the ongoing discussion about the roles of statisticians in the implementation of the regulation on the European system of national and regional accounts (ESA 2010), which replaces ESA95. The new regulation is now in force, as of 1 September 2014, and data transmissions from national producers to Eurostat will now be based on the ESA 2010 throughout the European Union.

The introduction of this regulation has led to a reconsideration of the statistical classification of some financial institutions, including public defeasance structures (commonly called "bad banks"). Unlike in the past (under ESA95), when the treatment of financial defeasance structures controlled by the government was specified in the Manual on Government Deficit and Debt, which is not a legal instrument, the rules in the chapter 20 of the ESA 2010 regulation are now explicit and legally stipulated. In the context of the Excessive Deficit Procedure (EDP) reporting, such defeasance structures are now to be classified to the general government sector, which has an impact on Government Finance Statistics.

Recently however differences have arisen between the ESS and the European System of Central Banks (ESCB) on the implementation of the ESA 2010 regulation, and specifically the provision referring to monetary financial institutions (MFI). In the opinion of ESGAB, it is only by separating statistical classification from any administrative purpose that an independent, impartial and objective application of the ESA 2010 regulation is guaranteed.

This, according to the European Statistics Code of Practice, is clearly a matter of sole competence of ESS members.

While ESGAB has no mandate to assess the interpretation of accounting norms, standards and rules, it is ESGAB's duty to monitor and uphold compliance with the principles of the Code of Practice when it sees that the credibility of European statistics is at risk. Principles of professional independence, impartiality and objectivity are especially important for harmonised statistics; administrative and political requirements cannot be the basis for statistical classifications.

Any risk to the authority of National Statistical Institutes to fully coordinate and take responsibility for the quality of the statistics produced in their national systems under EU regulations would endanger the comparability and harmonisation of European statistics, which is the cornerstone for evidence-based policies.

ESGAB is of the opinion, that on the basis of article 2(3) of the Regulation (EU) No 549/2013 (ESA 2010) Eurostat has a clear mandate to advise as to the correct implementation of ESA 2010:

“In the event of doubt regarding the correct implementation of the ESA 2010 accounting rules, the Member State concerned shall request clarification from the Commission (Eurostat). The Commission (Eurostat) shall act promptly both in examining the request and in communicating its advice on the requested clarification to the Member State concerned and all other Member States.”

Consequently, each national authority shall take its classification decision on the basis of that advice. Thus, the responsibility for deciding on statistical methods, standards and procedures for all ESS statistics lies with the heads of NSIs and Eurostat, as stipulated in the Regulation 223/2009 on European statistics. Eurostat has already advised a number of statistical offices on how to align their practices with the ESA 2010 regulation. With a view to equal treatment of all Member States, it should continue to do so. This will ensure the quality and comparability of European statistics, which is of paramount importance to preserving trust in statistical data.