

EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 8 July 2003

at the request of the Council of the European Union concerning a proposal for a regulation of the European Parliament and of the Council on quarterly financial accounts for general government (COM(2003) 242 final)

(CON/2003/12)

(2003/C 165/04)

1. On 21 May 2003 the European Central Bank (ECB) received a request from the Council of the European Union for an opinion on a draft regulation of the European Parliament and of the Council on quarterly financial accounts for general government (hereinafter the 'draft regulation').
2. The ECB's competence to deliver an opinion is based on Article 105(4) of the Treaty establishing the European Community. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the ECB, the Governing Council of the ECB has adopted this opinion.
3. The objective of the draft regulation is to define the main characteristics of the European System of Accounts (ESA) 1995 ⁽¹⁾ as applied to categories of financial transactions and financial assets and liabilities for the general government sector and for all general government sub-sectors. From 2005 onwards a full set of quarterly financial accounts for general government is to be made available.
4. The ECB welcomes the draft regulation prepared by a joint Commission/ECB Task Force. It is part of the Action Plan on Economic and Monetary Union (EMU) Statistical Requirements (hereinafter the 'EMU Action Plan'), established at the request of the Ecofin Council by the European Commission (Eurostat) in close collaboration with the ECB. The EMU Action Plan is a response to the report of the Monetary Committee on information requirements in EMU, endorsed by the Ecofin Council on 18 January 1999, and the second progress report on information requirements in EMU drawn up by the Economic and Financial Committee and endorsed by the Ecofin Council on 5 June 2000. The fifth progress report, as endorsed by the Ecofin Council on 18 February 2003, states that the adoption of a regulation on quarterly government financial accounts has faced long delays and that rapid progress is needed.
5. The provision of quarterly data on financial transactions, financial assets and liabilities for the general government sector and for all general government sub-sectors broadens the short-term macroeconomic analysis in the framework of ESA 95 national accounts.
6. Linking the data from these quarterly financial accounts with data from quarterly non-financial accounts for general government covered by Commission Regulation (EC) No 264/2000 of 3 February 2000 on the implementation of ESA 95 with respect to short-term public finance statistics ⁽²⁾ and by Regulation (EC) No 1221/2002 of the European Parliament and of the Council of 10 June 2002 on quarterly non-financial accounts for general government ⁽³⁾ enables the compilation of a comprehensive set of general government accounts. These government sector integrated accounts will facilitate the detailed assessment of fiscal policy impulses, of specific elements of the ECB monetary policy transmission process related to government and of related income and wealth effects on a quarterly basis.
7. The draft regulation also expands the existing sub-set of quarterly Monetary Union financial accounts (MUFA) compiled by the ECB. Integrating quarterly data on financial transactions, financial assets and liabilities for the general government sector and for all general government sub-sectors into this sub-set of quarterly MUFA is a major step towards a comprehensive system of quarterly MUFA for monetary policy purposes.
8. In this context, the ECB also welcomes the fact that Article 5(3) of the draft regulation requires from-whom-to-whom information. Such information is seen as essential in compiling consolidated euro area aggregates and in providing a more thorough monetary policy analysis.

⁽¹⁾ Contained in Annex A to Council Regulation (EC) No 2223/96 of 25 June 1996 on the European System of National and Regional Accounts in the Community, OJ L 310, 30.11.1996, p. 1 (hereinafter 'ESA 95'). Regulation as last amended by Regulation (EC) No 1889/2002 (O) L 286, 24.10.2002, p. 11).

⁽²⁾ OJ L 29, 4.2.2000, p. 4.

⁽³⁾ OJ L 179, 9.7.2002, p. 1.

9. The ECB also appreciates the fact that the draft regulation includes a detailed set of quarterly data on government financial wealth. In view of the specific difficulties in compiling this data an exception is made for data on unquoted shares and other equity. In this case, quarterly estimates made by either interpolating (available annual data) or extrapolating (when data is not available on time) are considered acceptable.
10. The ECB strongly supports the timetable for the transmission of quarterly data as envisaged under the draft regulation. The ECB also calls upon the Member States to abstain from derogations and to provide quarterly data in line with ESA 95 concepts, in particular for the compilation of euro area aggregates.
11. This opinion shall be published in the *Official Journal of the European Union*.

Done at Frankfurt am Main on 8 July 2003.

The President of the ECB

Willem F. DUISENBERG
