



COMMISSION OF THE EUROPEAN COMMUNITIES

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2003/0050 (CNS)

Proposal for a

COUNCIL DECISION

**on the statistical data to be used for the adjustment of the key for subscription to
the capital of the European Central Bank**

(presented by the Commission)

EXPLANATORY MEMORANDUM

On 9 June 1998¹, the Governing Council of the ECB determined² the national central banks' percentage shares in the subscription key to its capital. As stipulated in Article 29.3 of the ESCB/ECB Statute, this subscription key has to be adjusted every five years after the establishment of the ESCB/ECB, to take into account updated statistical data on population and GDP at market prices. As a consequence, and given that the determination of the key took place in June 1998, it will soon be time to proceed with the adjustment of the key.

The statistical data to be used for the determination of the key were defined in rules adopted by the Council on 5 June 1998, in compliance with Article 29.2 of the Statute of the ESCB and ECB and under the procedure provided for in Article 107.6³ of the Treaty. The Council limited its decision in 1998 on such rules to the determination of the initial key only and did not consider the subsequent adjustments of it. Moreover, the previous Council Decision was based on ESA 79 and could not yet take into account the most recent developments in statistical methodology, the ESA 95 Regulation.

A new Council Decision should therefore be adopted in the coming months, so that the adjustment of the key can be made in 2003, as required. With this aim, the Commission submits the present proposal defining the statistical methodology and data to be used for the next and subsequent adjustments of the key.

The first adjusted key will be applied from 1 January 2004⁴. Since the expected enlargement of the European Union will not yet have come into effect, the new key shall apply to the current 15 national central banks. Immediately after the accession of new Member States, the capital key will be recalculated. The new Council decision will also have to be applied on this occasion.

1. GENERAL CONSIDERATIONS

The key for the ECB capital subscription determines the share of each national central bank in the capital of the ECB, as well as their share in the pooling of external reserves, the voting weights in the ECB Governing Council for all decisions to be taken by weighted votes (cfr. Art. 10.3 ECB) and the distribution of the monetary income of the ESCB among national central banks.

According to Article 29.1 of the Statute of the ESCB and the ECB, each national central bank has initially been assigned a weighting in the key equal to the sum of 50% of the share of the respective Member State in the population of the Community

¹ Following revised data provided by the Commission in November 1998, the ECB Decision of 9 June 1998 was replaced by ECB Decision of 1 December 1998 on the national central banks' percentage shares in the key for the capital of the European Central Bank (OJ L 125, 19.5.1999, p. 33.).

² In compliance with Article 29.1 of the ESCB/ECB Statute.

³ and Article 42 of the Statutes of the ESCB and ECB.

⁴ As stipulated in Article 29.3 of the ESCB/ECB Statute : "the adjusted key will apply with effect from the first day of the following year".

in the penultimate year preceding the establishment of the ESCB, and 50% of the share of the respective Member State in the gross domestic product at market prices of the Community as recorded in the last five years preceding the penultimate year before the establishment of the ESCB.

The statistical data used for the application of this article were provided by the Commission in accordance with the rules adopted by the Council under the procedure provided for in Article 107.6 of the Treaty. Given that the weightings assigned to the national central banks must be adjusted every five years by analogy with the provisions laid down for the determination of the key, the Commission will soon provide a new set of data for the next adjustment of this key, based on the Council Decision to be adopted.

2. THE CONTENT OF THE NEW DECISION

The subject of this Council Decision are the rules which the Commission shall follow when it will provide the statistical data for the next and subsequent revisions of the key, either in the context of the 5-year revision or upon accession of new NCBs to the ESCB. As in the past, the rules will include the definition and sources of the data on GDP and population to be used, and the determination of the method of calculation. Those provisions are largely based upon those applying to the ECB as set out in Council Decision 98/382/EC of 5 June 1998⁵.

However, the rules which the Commission has to follow when it provides the statistical data for any future revision of the key for subscription of the ECB's capital have been drafted so as to establish a permanent regime which will not only cover future regular adjustments of the key but also any enlargement of the European Union:

- the new Council Decision will no longer be linked to the calculation of a specific key so as to avoid further amendments in the coming years, except in case of major revisions in particular in the national accounting standards and practices. The proposal will therefore be drafted by analogy with the wording of Article 29.1 ECB⁶ instead of mentioning precise periods or years;
- upon accession of new Member States to the EU, their national central banks become part of the ESCB and thus subscribers and shareholders of the capital of the ECB, under Article 28.2 of the Statute of the ESCB and the ECB. Therefore, the key for the subscription of the ECB's capital also needs adjusting upon enlargement of the EU. The new Council Decision will also be applied on this occasion.
- In accordance with Article 17 of the Act of Accession, new central banks' weightings will be calculated for all countries in an expanded capital key, by analogy with Article 29.1 and in compliance with Article 29.2. The reference

⁵ O.J. N° L171/33 of 17.06.1998.

⁶ "Population of the Community in the penultimate year preceding the revision of the key - GDP at market prices of the Community as recorded in the last five years preceding the penultimate year before the revision of the key".

periods to be used for the statistical data shall be identical to those applied for the latest quinquennial adjustment of the weightings under Article 29.3.

The present proposal also takes into account the most recent developments in statistical methodology, in particular the European System of Integrated Economic Accounts (ESA 95) as adopted by the Council in its Regulation 2223/96 of 25 June 1996 and its subsequent amendments.

As the ESA 95 Regulation is part of the "acquis communautaire", the accession countries are expected to have the ESA 95 methodology in place from the date of the enlargement, at the latest. This includes the provision of data according to ESA 95 for longer time series. At the time of the enlargement, the entering countries should therefore be able to provide GDP at market prices and population data under the ESA 95 methodology.

3. COMMENTS ON THE ARTICLES

Article 1

Article 1 defines what is covered by the Decision. In a narrow interpretation, the rules for the supply of the statistical data would just specify the concept and sources of population and GDP to be used. However, methodological questions inevitably arise between the supply of the data for the individual countries and the calculation of percentages. These methodological questions are also covered by this Decision for the sake of consistency and accuracy.

Article 2

This article defines the data on population.

The appropriate definition of population is that of the European System of Accounts adopted by the Council in its Regulation 2223/96 of 25 June 1996 (ESA 95) and its subsequent amendments.

The Commission (Eurostat) will collect the data on population according to the established procedures.

Since the data on GDP represent a flow over a period of one year, the population figures to which they are related should represent the mean of the total population over the course of the year.

For the determination of the key, the data on population were those for the year 1996. Therefore, every five years later, it is consistent to take those of 2001, 2006, 2011 etc. However, in order for the Decision to apply for a longer time period, it is preferable to refer to the wording of Article 29.1 of the Protocol on the Statutes of the ESCB and the ECB.

Article 3

This article defines the data on GDP.

The data on GDP will be those resulting from the application of the Council Regulation 2223/96/EC of 25 June 1996, Annex A item 8.89, on GDP at market prices.

The data on GDP for the determination of the key were those for the last five years preceding the penultimate year before the establishment of the ECB (1991-1995). For the following five year adjustment periods it is therefore consistent to take the years 1996 to 2000, the years 2001 to 2005 etc. However, in order for the Decision to apply for a longer time period, it is preferable to refer to the wording of Article 29.1 of the Protocol on the Statutes of the ESCB and the ECB.

Article 4

This article provides rules for the exchange rates to be applied.

For the period before 1999, the daily exchange rates shall be the ECU reference rates as compiled by the Commission. From 1999 onwards, the euro reference rates will be those compiled by the ECB.

Article 5

This article provides rules for the calculation of the shares of individual Member States in the population and the GDP of the Community. It also provides the rule for the calculation of the weighting of a Member State in the capital key and the rule on rounding.

Article 6

The Commission will validate the data on population after consulting the Statistical Programme Committee set up by Article 1 of Council Decision 89/382/EEC, Euratom, of 19 June 1989 (OJ L 181, 28.06.1989, p. 47).

The Commission will validate the GDP data after consulting the Committee set up by Article 6 of Directive 89/130/EEC, Euratom, (GNP Directive) of 13 February 1989 (O.J. L049 21/02/1989 pp. 26-28).

Consulting those Committees will ensure that all data used for the calculation of the subscription keys are properly validated.

Article 7

This article makes the decision applicable to new Member States by defining the reference periods for statistical data to be used in case of enlargement.

Upon one or more Member States acceding the European Union, the capital key will have to be adjusted again. The reference periods of the statistical data on population and gross domestic product at market prices that will then be used shall be identical to those applied for the latest quinquennial adjustment of the key under Article 29.3.

Article 8

This article obliges the Commission to communicate the data to the ECB sufficiently in advance so as to allow the ECB Governing Council to adopt a decision on the capital key in due time.

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THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty establishing the European Community, and in particular Article 107(6) thereof and Article 29.2 of the Protocol on the Statute of the European System of Central Banks (ESCB) and of the European Central Bank (ECB) annexed thereto (hereinafter referred to as “the Statute”),

Having regard to the proposal from the Commission⁷,

Having regard to the opinion of the European Parliament⁸,

Having regard to the opinion of the European Central Bank⁹,

- (1) In Decision 98/382/EC of 5 June 1998¹⁰, the Council adopted rules on the statistical data to be used for the determination of the initial subscription key to the ECB's capital.
- (2) Under Article 29.3 of the Statute, the weighting of the national central banks in the key for subscription of the ECB's capital is to be adjusted every five years.
- (3) Upon one or more countries becoming Member States of the European Union, their national central banks will become members of the European System of Central Banks (ESCB) and subscribers to the ECB's capital. The weighting of the national central banks in the key for subscription of the ECB's capital needs to be adjusted accordingly.
- (4) It is necessary to lay down rules for the provision of the statistical data to be used for the adjustments of the weighting of the national central banks in the key for subscription of the ECB's capital.
- (5) The nature of, and sources for, the data to be used and the method of calculation of the weighting of the national central banks in the key for subscription of the ECB's capital should be defined.

⁷ OJ C XXX, yy/yy/yy, p. zz.

⁸ Opinion delivered on xxxxxxx (Official Journal)

⁹ Opinion delivered on xxxxxxx (Official Journal).

¹⁰ OJ L 171, 17.06.98, p. 33

- (6) Council Regulation (EC) No 2223/96/EC of 25 June 1996 on the European System of National and Regional Accounts in the Community¹¹ (ESA 95) provides for a methodology on common standards, definitions, classifications and accounting rules intended to be used for compiling accounts and tables on comparable bases for the purpose of the Community and provides for a programme for transmitting for Community purposes the accounts and tables compiled according to that Regulation on precise dates. This Regulation takes account of the most recent standards and developments in statistical methodology and the definitions therein should therefore be used for the purposes of the present Decision.
- (7) Since the key for the ECB capital subscription determines the respective shares of the national central banks in the capital of the ECB and in the pooling of external reserves, as well as their voting weights in the ECB Governing Council for all decisions to be taken by weighted votes (in accordance with Article 10.3 of the Statute) and the distribution among them of the monetary income of the ESCB, it is important that the calculation of their weighting in this key is carried out in an accurate manner. The Commission shall therefore consult the relevant committees on the data on population and on gross domestic product at current market prices.

HAS DECIDED AS FOLLOWS:

Article 1

Subject-matter

The statistical data to be used for the adjustment of the weighting of the national central banks in the key for subscription of the capital of the European Central Bank (ECB) shall be provided by the Commission in accordance with the rules laid down in this Decision.

Article 2

Population

1. Population shall mean the total population as defined in Regulation (EC) No 2223/96¹² (ESA 95) compiled as an average of the year and rounded to the nearest thousand people.
2. For the adjustment of the weightings assigned to the national central banks under Article 29.3 of the Statute, the data on population shall be taken for the penultimate year preceding the year in which the key is adjusted.

¹¹ OJ L 310, 30.11.1996, p. 1. Regulation as last amended by Regulation (EC) No 359/2002 of the European Parliament and of the Council (OJ L 58, 28.2.2002, p. 1).

¹² and its subsequent amendments.

Article 3

Gross domestic product at current market prices

1. Gross domestic product at market prices shall mean the gross domestic product at current market prices as defined in Regulation (EC) No 2223/96¹³ (ESA 95) for a calendar year and expressed in the national currency with the highest precision available to permit the compilation of the shares with the required accuracy.
2. For the adjustment of the weightings assigned to the national central banks under Article 29.3 of the Statute, the data on gross domestic product at current market prices shall be taken for the five years preceding the penultimate year before the year in which the key is adjusted.

Article 4

Exchange rates

1. The annual exchange rate for conversion of the gross domestic product at current market prices shall be the arithmetic mean of the daily exchange rates for all working days in a calendar year.
2. The daily exchange rates shall be the ECU reference rates before 1999 as compiled by the Commission. They will be the euro reference rates from 1999 onwards as compiled by the ECB.

Article 5

Calculation and accuracy

1. The share of a Member State in the population of the Community shall be its share in the sum of the population of the Member States, expressed as a percentage.
2. The share of a Member State in GDP at current market prices of the Community shall be its share in the sum of GDP at current market prices of the Member States over five years, expressed as a percentage.
3. The weighting of a national central bank in the key for the subscription of the ECB's capital shall be the arithmetic mean of the shares of the Member State concerned in the population and in GDP at current market prices of the Community.
4. The various steps of calculation shall use sufficient digits to ensure their accuracy. The weighting of the national central banks in the key for the subscription of the ECB's capital shall be expressed to four decimal places.

¹³ and its subsequent amendments.

Article 6

Consultation of Committees

As regards data on population, the Commission shall consult the Statistical Programme Committee set up by Article 1 of Council Decision 89/382/EEC, Euratom¹⁴.

As regards data on GDP at current market prices, the Commission shall consult the Committee set up by Article 6 of Council Directive 89/130/EEC, Euratom¹⁵.

Article 7

New Member States

Upon one or more countries becoming Member States and their respective national central banks becoming part of the ESCB, the reference periods to be used for the statistical data on population and gross domestic product at current market prices shall be identical to those applied for the latest quinquennial adjustment as defined in Articles 29.1 and 29.3 of the Statute.

Article 8

Provision of the data

The data on population, gross domestic product at current market prices and the annual exchange rates referred to in this Decision shall be provided by the Commission to the ECB for all Member States separately not later than two months before the date on which the adjustment of weighting of the national central banks in the key for subscription of the capital of the ECB takes effect.

Done at Brussels,

*For the Council
The President*

¹⁴ OJ L 181, 28.6.1989, p. 47.

¹⁵ OJ L 49, 21.2.1989, pp. 26.