



OPINION OF THE EUROPEAN CENTRAL BANK

of 25 January 2007

at the request of the Magyar Nemzeti Bank on a draft regulation on the scope of information to be supplied for the central bank information system for the compilation of balance of payment statistics and on data supply methods and deadlines

(CON/2007/2)

Introduction and legal basis

On 15 December 2006 the European Central Bank (ECB) received a request from the Magyar Nemzeti Bank (MNB) for an opinion on a draft regulation on the scope of information to be supplied for the central bank information system for the compilation of balance of payment statistics and on data supply methods and deadlines (hereinafter the 'draft regulation').

The ECB's competence to deliver an opinion is based on Article 105(4) of the Treaty establishing the European Community and the fourth indent of Article 2(1) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions¹, as the draft regulation relates to the collection and compilation of balance of payments and international investment position statistics. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, the Governing Council has adopted this opinion.

1. Purpose of the draft regulation

- 1.1 The purpose of the draft regulation is to ensure the collection of high quality data for the compilation of balance of payments and international investment position statistics. To this end, the draft regulation establishes a direct reporting system, which is expected to come into effect on 1 January 2008.
- 1.2 The current reporting system for the compilation of the balance of payments and international investment position statistics, which is based on the monitoring of cash transactions, is to be replaced by a new system relying on the following three main sources of information: (i) direct reports from economic agents carrying out transactions with non-residents; (ii) statistical data supplied by the Central Statistical Office including data on goods, services, compensation of employees and current transfers; and (iii) data already collected by the MNB's Statistics

¹ OJ L 189, 3.7.1998, p. 42.

Department for securities statistics. In addition, the MNB compiles data on reserve assets and its cross-border transactions.

2. General observations

- 2.1 The ECB welcomes the draft regulation and its purpose to ensure the collection of high quality data for the compilation of balance of payments and international investment position statistics in line with the regime established under Guideline ECB/2004/15 of 16 July 2004 on the statistical reporting requirements of the European Central Bank in the field of balance of payments and international investment position statistics, and the international reserves template² (the 'Guideline'). At the same time, the draft regulation aims to limit the administrative burden for reporting agents to the extent possible³. Although the Guideline does not apply to the MNB, as a national central bank of a Member State that has not adopted the euro, achieving consistency with the ECB's statistical standards will enable reporting agents to become familiar with the statistical reporting regime that will apply once the euro has been introduced in Hungary.
- 2.2 The ECB draws the consulting authority's attention to the forthcoming amendment of the Guideline as well as to other relevant future developments, including the updating of the Balance of Payments Manual of the International Monetary Fund which is expected by the end of 2008. The consulting authority is therefore invited to monitor developments in this field and take them into account in its national arrangements, notably when setting up surveys.
- 2.3 The ECB understands that the draft regulation will apply alongside the provisions for the collection of data on goods, services, compensation of employees and current transfers to be adopted by the Central Statistical Office and the legal acts on securities statistics currently in force in Hungary. Since the envisaged reporting system will draw on these data, it will be important to update the required legal framework in due course, to the extent necessary.
- 2.4 This opinion is without prejudice to any future assessment by the ECB of whether the direct reporting system applicable in Hungary and the statistical information reported to the MNB fulfil the ECB's reporting requirements for balance of payment and international investment position statistics.

3. Specific observations

- 3.1 The draft regulation provides that some of its forms – namely R02 to R11 – are to be used for reporting by 'designated business entities'. The ECB invites the consulting authority to consider a more explicit statement in the draft regulation about the criteria and procedure to be used for

² OJ L 354, 30.11.2004, p. 34.

³ The ECB refers to Opinion CON/2005/31 of 29 August 2005 at the request of the Belgian Ministry of Finance on a preliminary draft law that amends the Law of 28 February 2002 regulating the compilation of the balance of payments and the international investment position of Belgium and amending the Decree Law of 6 October 1944 on foreign exchange control and various legal provisions. In particular, paragraphs 5 and 6 outlined the benefits of a direct reporting system, such as that proposed under the draft regulation, noting that other Member States recently also introduced similar systems or are in the process of doing so.

selecting ‘designated business entities’, in accordance with international standards for the definition of units.

- 3.2 When defining ‘residents’, in Annex 2 of the draft regulation, the ECB suggests making a specific reference to the ‘centre of economic interest’ as defined in paragraph 62 of the IMF Balance of Payments Manual (5th edition)⁴ and in paragraph 1.30 of the European System of National Accounts 95 (ESA 95).
- 3.3 The ECB recommends ensuring that the definitions of the institutional sectors in the draft regulation are such that the statistics derived from this regulation are fully consistent with the definitions in Chapter 2 of the ESA 95 and the definition of monetary financial institutions in Regulation ECB/2001/13 of 22 November 2001 concerning the consolidated balance sheet of the monetary financial institutions sector⁵.

This opinion will be published on the ECB’s website.

Done at Frankfurt am Main, 25 January 2007.

[signed]

The President of the ECB

Jean-Claude TRICHET

⁴ Available on www.imf.org.

⁵ OJ L 333, 17.12.2001, p. 1.