

**Opinion on the proposal for a Council Decision establishing a committee on monetary, financial and balance of payments statistics<sup>(1)</sup>**

(91/C 31/06)

On 23 August 1990 the Council decided, in accordance with Article 198 of the EEC Treaty, to ask the Economic and Social Committee for an Opinion on the abovementioned proposal.

The Committee instructed its Section for Economic, Financial and Monetary Questions to prepare its work on the matter. During its work the Committee appointed Mr Giacomelli Rapporteur-General.

At its 280th plenary session (meeting of 18 October 1990), the Economic and Social Committee adopted unanimously the following Opinion.

## 1. Introduction and preliminary remarks

1.1. The ESC thanks the Commission for having asked it for an Opinion on the proposal for a Council Decision establishing a committee on monetary, financial and balance of payments statistics; it appreciates this request all the more because it was not consulted at the time on the proposal which became the Council Decision of 19 June 1989 setting up a statistical programme Committee of the European Communities. The ESC would certainly have liked to have stated its views on this subject, as the European Parliament was able to do<sup>(2)</sup>, even though the text of the Decision hardly seems to call for any comments after the event. The ESC was not consulted either on the Council Resolution of 19 June 1989 on the setting-up of a statistical programme of the European Communities for the period 1989-1992. But reference is made both in the explanatory memorandum and the recitals of the present proposal to both the statistical programme committee and to the multiannual statistical programme of the Commission, of which the 'multiannual work programme in the domain of monetary, financial and balance of payments statistics' will be one aspect. As there is no body at present responsible for ensuring close cooperation in this area between the Member States and the Commission, this aspect is due to be covered by the committee to be set up by the present proposal.

1.2. Having said that, the Economic and Social Committee is pleased to have been consulted at the time on the proposal for a Council Decision on the achievement of continuing economic convergence during the first stage of economic and monetary union and on the Recommendation for a Decision amending Decision No 64/300/EEC on collaboration between the central banks of the EEC Member States. While the ESC welcomed the two proposals in its Opinion adopted at its 271st plenary session on 16 November 1989<sup>(3)</sup>, it did

make some comments or criticisms and approved the philosophy behind these texts, which were designed to organize the process, which had finally been triggered by the liberalization of capital movements, of achieving economic and monetary union; this process will involve the convergence of economic and budgetary policies, the creation of EUROFED and, finally, the fixing of exchange parities between the Member States and the introduction of a single currency, which will probably be the ECU.

1.3. It is in this same basically positive spirit which was the basis of the groundbreaking Opinions on the creation of a European financial area<sup>(4)</sup>, the Delors report on economic and monetary union<sup>(5)</sup> and on economic convergence and collaboration between the central banks of the Member States<sup>(3)</sup> that the ESC welcomes the proposal for a Council Decision establishing a committee on monetary, financial and balance of payments statistics.

## 2. General comments: the risk of deterioration in statistical quality

2.1. The setting-up of a committee on monetary, financial and balance of payments statistics forms a logical part of the measures which must accompany the gradual achievement of Economic and Monetary Union (EMU).

2.2. The management of statistics in most areas and the production of statistical data are at present the responsibility of specialist national bodies; however, these bodies have for many years had close relations with the Commission through the statistical office of the European Communities (EUROSTAT) and there is cooperation in certain technical areas through meetings between the directors of national institutes, a system which is rounded off by the statistical programme com-

<sup>(1)</sup> OJ No C 212, 25. 8. 1990, p. 5.

<sup>(2)</sup> OJ No C 158, 26. 6. 1989.

<sup>(3)</sup> OJ No C 56, 7. 3. 1990.

<sup>(4)</sup> OJ No C 175, 4. 7. 1988.

<sup>(5)</sup> OJ No C 329, 30. 12. 1989.

mittee recently set up by the Council (see point 1.1 above) and made up of these same directors.

2.3. As the situation is different in the Member States of the Community as regards the monetary and financial areas, and in the field of the balance of payments, where statistics are drawn up sometimes by the central banks and sometimes by other institutions, it is essential that, in the interests of the cooperation which is necessary and for the effective coordination of work, a committee should be set up at Community level for monetary, financial and balance of payments statistics, made up of delegates from the various national bodies which are competent in these areas. Therefore the setting-up of such a committee is considered as desirable by all the parties concerned, both Member States and Community bodies.

2.4. The changes which European integration will entail—liberalization of capital flows and abolition of exchange controls, the gradual achievement of the EMU—will have a major impact on the structure of statistical systems; some will disappear, like the statistics connected with exchange controls, while statistical assessment in the fields of the balance of payments and other financial and monetary matters will, of necessity, undergo major developments.

2.5. The ESC, in its Opinions<sup>(1)</sup> on the introduction of the INTRASTAT system for intra-Community trade in goods, was concerned that if the statistical information and the data to be provided was too compressed, there would be such a deterioration in the quality of statistics that they would no longer fulfil the needs of users, the Member States and firms. It cannot help, therefore, but be pleased to see that its fears in this context are this time shared by the authors of the two proposals. The deterioration of the quality of statistical information in the areas concerned, the decline in the data produced and the problems of insufficient comparability with previous statistics, the growing irrelevance of the definitions used in measuring money supply at a time when new concepts will call for statistical back-up will come when the need for information will be increasing; the disappearance of barriers within the financial area and the increasingly unrestricted switching of financial flows may undermine the relevance of the statistical information gathered to date and the use of current concepts, which will become inadequate, may make it more difficult in the future to interpret monetary statistics. As far as balance of payments statistics are concerned, the abolition of frontier checks and exchange controls will bring about a change in the system for collecting statistics. Finally,

the quality of statistics will deteriorate when capital circulates freely and financial transactions between non-residents within the Community become commonplace.

2.6. The concern to preserve the statistical quality of the data on trade in goods between Member States is also something to be borne in mind by the present proposals, as such trade is at the origin of capital flows and is an essential component of the balance of payments. This is another element which justifies the concerns expressed by the ESC in its Opinions on the INTRASTAT system.

2.7. One cannot be unaware that, for a certain period which it is not possible to specify with any accuracy, the European Community will be made up of sovereign states, each of which will draw up its own balance of payments, a valuable tool if ever there was one for pursuing a monetary and economic policy aimed at achieving the convergence desired for bringing about EMU. Moreover, during this same period the drawing-up of the Community's balance of payments with non-EEC countries will be based on the consolidation of the balances of the Member States, which presupposes the existence of comparable and consistent data of extra- and intra-Community flows and, hence, greater cooperation between the Member States.

2.8. Finally, pending the achievement of EMU, the Member States cannot do without data on their balance of payments, as the creation of a European financial area has involved a number of safeguard measures, including the setting-up of a single medium-term financial support mechanism for the balance of payments of Member States; this is due to come into operation when large capital flows set off major imbalances, and obviously these can only be noted by means of balance of payments statistics.

### 3. Establishment of a committee on monetary, financial and balance of payments statistics

3.1. As there is no authority at present capable of ensuring close cooperation in the field of monetary, financial and balance of payments statistics between the Commission and the competent bodies in the Member States, the committee to be set up looks like becoming the ideal body for controlling the emerging trend, ensuring the necessary consultation between Member States and their statistic-producing bodies (central banks, statistical offices, etc.) and seeing that there is the maximum degree of consistency in the data provided.

3.2. As the proposal's explanatory memorandum states, the committee to be formed should serve the needs and interests of both users and producers

<sup>(1)</sup> OJ No C 159, 26. 6. 1989.

(central banks, statistical offices and the other institutions involved). It will serve as a forum for dialogue between the various parties, some of which will make their needs known, while others will try to coordinate their actions. The statistical needs of central bank governors will be given special attention because of their key role in the move towards economic and monetary union.

#### 4. Specific comments

4.1. The sixth recital in the proposal implies that there is a need to set up a body, i.e. the committee on monetary, financial and balance of payments statistics, on which the principal national institutions concerned are represented. It must be understood that there are at least two institutions which, depending on the Member State represented, are responsible for such statistics, i.e. the central bank, or the body which has the attributes of one, and the national statistical office or institute.

4.2. No Member State, therefore, should have its representation cut down, especially as the last recital notes that there is an interdependence between monetary, financial and balance of payments statistics on the one hand and other economic statistics—such as those on the trade in goods between Member States—on the other.

#### 4.3. *Article 4—Composition of the committee*

##### First paragraph

Given the links between the two domains of monetary, financial and balance of payments statistics and other economic statistics which are connected with or which

influence them, it should be laid down that each Member State should have at least two representatives, one of whom should be chosen by the central bank or the equivalent body and the other by the national statistical institute; this would be consistent with the numerous passages in the explanatory memorandum confirming the dual nature of the committee's brief in those areas where it has to coordinate things at Community level on the basis of national approaches and situations which are often divergent. Reference is particularly made here to point 21 in the explanatory memorandum, which states that the objective is 'to bring together officials from central banks, national statistical institutes and possibly from other bodies ....'. It is certain that in no Member State are these powers combined in one person!

The first paragraph of Article 4 should therefore be amended accordingly.

For the rest, the composition of the Committee as explained in detail in points 20 to 25 of the explanatory memorandum do not give grounds for any criticism. The ESC also approves the wish to have the secretariat of the Committee provided by EUROSTAT, in conjunction with DG II and DG XV.

#### 5. Conclusion

Subject to the comments above, and notably those concerning the first paragraph of Article 4, the ESC is in agreement with the Commission's proposal seeking to establish a committee on monetary, financial and balance of payments statistics as one of the instruments for bringing about the achievement of EMU.

Done at Brussels, 18 October 1990.

*The Chairman  
of the Economic and Social Committee*

François STAEDLIN