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REPORT FROM THE COMMISSION TO THE EUROPEAN PARLIAMENT AND THE COUNCIL

on the exercise of the power to adopt delegated acts conferred on the Commission by Regulation (EU) No 549/2013 of the European Parliament and of the Council on the European system of national and regional accounts in the European Union

1. INTRODUCTION

Regulation (EU) No 549/2013 of the European Parliament and of the Council[1] set up the European System of Accounts 2010 (ESA 2010). ESA 2010 is a system of national and regional accounts designed to meet the requirements of the EU's economic, social and regional policy. It contains:

a) a methodology (Annex A of the Regulation) on common standards, definitions, classifications and accounting rules that must be used for compiling accounts and tables on comparable bases for the purposes of the EU;

b) a programme (Annex B of the Regulation) setting out the time limits by which Member States must transmit to the Commission (Eurostat) the accounts and tables to be compiled in accordance with the methodology referred to in point (a).

Regulation (EU) No 549/2013 empowers the Commission to adopt delegated acts:

- on amendments to the ESA 2010 methodology in order to specify and improve its content for the purpose of ensuring a harmonised interpretation or to ensure international comparability provided that they do not change its underlying concepts, do not require additional resources for producers within the European Statistical System for their implementation, and do not cause a change in own resources (Article 2(2));

- on the methodology used for the calculation and allocation of financial intermediation services indirectly measured (FISIM) in national accounts in accordance with the methodology described in Annex A. This empowerment shall be exercised before 17 September 2013, laying down a revised methodology for the calculation and allocation of FISIM (Article 2(4));

- to ensure the reliability and comparability of the ESA 2010 data of the Member States on research and development recorded as gross fixed capital formation. In exercising its power pursuant to this paragraph, the Commission must ensure that such delegated acts do not impose a significant additional administrative burden on the Member States or on the respondent units (Article 2(5)).

In addition, Regulation (EU) No 549/2013 emphasises how important it is that the Commission carry out appropriate consultations during its preparatory work. The European

[1] Regulation (EU) No 549/2013 of the European Parliament and of the Council of 21 May 2013 on the European system of national and regional accounts in the European Union (OJ L 174, 26.6.2013, p. 1).

Statistical System Committee established under Regulation (EC) No 223/2009[2] is also consulted before exercising the empowerment (Recital 24).

2. LEGAL BASIS

This report is required under Article 7(2) of Regulation (EU) No 549/2013, which confers on the Commission the power to adopt delegated acts for a period of five years from 16 July 2013. The Commission is required to prepare a report on the delegation of power no later than nine months before the end of the five-year period.

3. EXERCISE OF THE DELEGATION

Since the entry into force of Regulation (EU) No 549/2013, the Commission has adopted two delegated acts:

- Commission Delegated Regulation (EU) No 2015/1342[3] amending the methodology for the classification of products by activity (CPA); and
- Commission Delegated Regulation (EU) No 2015/1365[4] on the transmission format for research and development expenditure data.

The Commission has not adopted a delegated regulation on the methodology for the calculation and allocation of FISIM in national accounts (Article 2(4) of Regulation (EU) No 549/2013). After carrying out appropriate consultations with the Member States, it has decided not to change the methodology for the calculation and allocation of FISIM.

a) Commission Delegated Regulation (EU) No 2015/1342 amending the methodology for the classification of products by activity was deemed necessary as a result of the revision of the CPA referred to in ESA 2010.

Regulation (EC) No 451/2008 of the European Parliament and of the Council[5], which established a new CPA (the 'CPA 2008'), was adopted to reflect the EU's statistical

[2] Regulation (EC) No 223/2009 of the European Parliament and of the Council of 11 March 2009 on European statistics and repealing Regulation (EC, Euratom) No 1101/2008 of the European Parliament and of the Council on the transmission of data subject to statistical confidentiality to the Statistical Office of the European Communities, Council Regulation (EC) No 322/97 on Community Statistics, and Council Decision 89/382/EEC, Euratom establishing a Committee on the Statistical Programmes of the European Communities (OJ L 87, 31.3.2009, p. 164).

[3] Commission Delegated Regulation (EU) 2015/1342 of 22 April 2015 amending the methodology for the classification of products by activity given in Annex A to Regulation (EU) No 549/2013 of the European Parliament and of the Council (OJ L 207, 4.8.2015, p. 35).

[4] Commission Delegated Regulation (EU) 2015/1365 of 30 April 2015 on the transmission format for research and development expenditure data (OJ L 211, 8.8.2015, p. 1).

[5] Regulation (EC) No 451/2008 of the European Parliament and of the Council of 23 April 2008 establishing a new statistical classification of products by activity (CPA) and repealing Council Regulation (EEC) No 3696/93 (OJ L 145, 4.6.2008, p. 65).

requirements. It was amended by Commission Regulation (EU) No 1209/2014[6] (establishing 'CPA 2.1') to maintain comparability and consistency with international product classification standards, namely the updated Central Product Classification ('CPC Ver.2') of the United Nations.

Commission Delegated Regulation (EU) No 2015/1342 introduced a number of amendments to Annex A to Regulation (EU) No 549/2013. In particular, the terms 'CPA Rev. 2' and 'CPA 2008' were replaced by the term 'CPA'. In addition, several terms were aligned with Regulation (EU) No 1209/2014 in Annex 7.1 on the summary of each asset category and Chapter 23 on classifications.

With these amendments, Commission Delegated Regulation (EU) No 2015/1342 ensured harmonised interpretation and international comparability of statistical standards.

The Commission carried out consultations, also at expert level, during the preparatory work for the delegated act. The parties that were consulted included the Directors of Macroeconomic Statistics, who discussed the draft delegated act at their meeting of 17-18 December 2014, and the European System Statistical Committee, which met on 12 February 2015.

As a result of these consultations, the Commission was able to confirm that Commission Delegated Regulation (EU) 2015/1342:

- did not change ESA 2010's underlying concepts;
- did not require additional resources for producers of statistics;
- did not cause a change in the EU's own resources.

The Commission adopted Delegated Regulation (EU) No 2015/1342 on 22 April 2015 and notified the European Parliament and the Council. Neither the European Parliament nor the Council issued any objections to the Delegated Regulation within the three months allowed. It was published in the *Official Journal of the European Union* on 4 August 2015 and entered into force on 24 August 2015.

b) Commission Delegated Regulation (EU) No 2015/1365 on the transmission format for research and development expenditure data to be recorded as gross fixed capital formation was deemed necessary to ensure the reliability and comparability of ESA 2010 Member State data on research and development.

Given the importance of research and development for the economy, additional methods and harmonised, comparable transmission formats were developed for research and development data in the context of the European Statistical System.

[6] Commission Regulation (EU) No 1209/2014 of 29 October 2014 amending Regulation (EC) No 451/2008 of the European Parliament and of the Council establishing a new statistical classification of products by activity (CPA) and repealing Council Regulation (EEC) No 3696/93 (OJ L 336, 22.11.2014, p. 1).

Commission Delegated Regulation (EU) No 2015/1365 sets out the format in which the national accounts research and development expenditure data must be transmitted by Member States to the Commission (Eurostat) to ensure the reliability and comparability of those data. Member States must apply the following data format:

(a) AN.1171g, research and development assets, gross;

(b) AN.1171n, research and development assets, net;

(c) P.51g, AN.1171, gross fixed capital formation in research and development.

The requirements apply to data transmitted from 1 August 2015.

For a first Commission Delegated Regulation on the same subject, adopted in 2014, the Commission carried out consultations, also at expert level, during the preparatory work. The parties that were consulted included the Directors of Macroeconomic Statistics, who discussed the draft delegated act at their meeting of 12-13 December 2013, and the European Statistical System Committee, which gave its opinion by written procedure on 11 March 2014.

On 12 August 2014, the Commission adopted the Delegated Regulation and notified the European Parliament and the Council.

On 12 September 2014, the Council Working Party on Statistics invited the Council Legal Service to assess whether the contents of the Delegated Regulation corresponded to the delegation of powers contained in Article 2(5) of Regulation (EU) No 549/2013. The Council Legal Service issued its opinion on 25 September 2014, concluding that the delegated act partially exceeded the mandate conferred upon the Commission by the legislator.

On 7 November 2014, the Council confirmed its intention to object to the delegated act and informed the Commission and the European Parliament of this.

A new delegated act was therefore drawn up to take into account the reasons for the Council's objection.

The Commission then carried out further consultations among national experts on the new draft. The parties that were consulted included the National Accounts Working Group on 25-26 November 2014, the Directors of Macroeconomic Statistics on 17-18 December 2014, and the European Statistical System Committee on 12 February 2015.

As a result of the consultations, the Commission was able to ensure that a sufficient level of confidence was reached in the reliability and comparability of research and development data recorded as gross fixed capital formation and that the content of the Delegated Regulation did not impose a significant additional administrative burden on the Member States or on the respondent units.

On 30 April 2015, the Commission adopted the Delegated Regulation and notified the European Parliament and the Council. Neither the European Parliament nor the Council

issued any objections to the Delegated Regulation within the three months allowed. It was published in the *Official Journal of the European Union* on 8 August 2015 and entered into force on 28 August 2015.

4. CONCLUSION

The Commission has exercised its delegated powers correctly. It invites the European Parliament and the Council to take note of this report.