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NOTE

From: General Secretariat of the Council
To: Permanent Representatives Committee (part 2)
Subject: Proposal for a Regulation of the European Parliament and of the Council on the harmonisation of gross national income at market prices (GNI Regulation) repealing Council Directive 89/130/EEC, Euratom and Council Regulation (EC, Euratom) No 1287/2003 - 2017/0134 (COD)
- Mandate for negotiations with the European Parliament

Delegations will find in the annex the Presidency compromise proposal as agreed by the Working Party on Statistics.

In the compromise text, additions to the Commission proposal are underlined and in bold, while deleted text is struck through.

2017/0134 (COD)

Proposal for a

REGULATION OF THE EUROPEAN PARLIAMENT AND OF THE COUNCIL

on the harmonisation of gross national income at market prices (GNI Regulation) repealing Council Directive 89/130/EEC, Euratom and Council Regulation (EC, Euratom) No 1287/2003

(Text with EEA relevance)

THE EUROPEAN PARLIAMENT AND THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the Treaty on the Functioning of the European Union, and in particular Article 338 (1) thereof,

Having regard to the proposal from the European Commission,

After transmission of the draft legislative act to the national parliaments,

Acting in accordance with the ordinary legislative procedure,

Whereas:

(1) The increasing share of the Union's own resources based on the gross national income at market prices ('GNI') of the Member States makes it necessary to further reinforce the comparability, reliability and exhaustiveness of this aggregate.

(2) Statistical integrity through respect of the principles of the European Statistics Code of Practice, as reviewed and updated by the European Statistical System Committee on 28 September 2011, and of Regulation (EC) No 223/2009 of the European Parliament and of the Council¹, is of particular importance where statistics are being used directly for administrative purposes.

¹ 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

- (3) This data is also an important analytical tool for the coordination of national economic policies and for various Union policies.
- (4) In accordance with Article 2 (7) of Council Decision 2014/335/EU, Euratom, for own resources purposes, GNI ~~shall~~ **should** mean an annual GNI at market price, as provided by Annex A of Regulation (EU) No 549/2013 ('ESA 2010'). Besides, ~~in~~ **in** accordance with Article 10(1) of Council Decision 2014/335/EU, Euratom², and subject to Article 10(2) thereof, Council Decision 2007/436/EC, Euratom³ was repealed.
- (5) It is essential that GNI data is comparable and therefore the relevant definitions and accounting rules of ESA 2010 should be complied with. For that purpose, the assessment procedures and the basic data actually used should permit the correct application of the definitions and accounting rules of ESA 2010.
- (6) It is essential that the sources and methods used to compile GNI are reliable. This means that sound techniques should be applied to robust, suitable and up-to-date basic statistics as much as possible.
- (7) It is essential that GNI data is exhaustive and therefore should take account also of the activities that are not reported in statistical surveys or to fiscal, social and other administrative authorities. Improved GNI coverage presupposes developing suitable statistical bases and assessment procedures and making suitable adjustments, **avoiding gaps and double counting**.
- (8) In order to ensure uniform conditions for the implementation of this Regulation by providing GNI data for own resources purposes, implementing powers should be conferred on the Commission to take measures concerning the inventory of the sources and methods used to calculate GNI and its components according to ESA 2010 and measures aimed at improving the comparability, reliability and exhaustiveness of Member States' GNI. Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council⁴.

establishing a Committee on the Statistical Programmes of the European Communities (OJ L 87, 31.3.2009, p. 164).

² Council Decision 2014/335/EU, Euratom of 26 May 2014 on the system of own resources of the European Union (OJ L 168, 7.6.2014, p. 105).

³ Council Decision 2007/436/EC, Euratom of 7 June 2007 on the system of the European Communities' own resources (OJ L 163, 23.6.2007, p. 17).

⁴ Regulation (EU) No 182/2011 of the European Parliament and of the Council of 16 February 2011 laying down the rules and general principles concerning mechanisms for control by the Member States of the Commission's exercise of implementing powers (OJ L 55, 28.2.2011, p. 13).

(9) Council Regulation (EU, Euratom) No 608/2014⁵ provides for inspections visits in Member States for the purpose of verifying own resources. ~~In addition to those inspections~~ **For GNI purposes**, the Commission should be entitled to carry out GNI information visits in order **to verify the quality of GNI aggregates and their components and compliance with ESA 2010 as well as** to ensure that GNI data is comparable, reliable and exhaustive. **The Commission should respect rules on statistical confidentiality.** The participation of representatives of national statistical authorities in GNI information visits to other Member States should contribute to the transparency of the process of GNI verification.

(10) In accordance with Article 7 of Regulation (EC) No 223/2009 the European Statistical System Committee (ESSC) has been asked to provide its professional guidance.

(11) The GNI Committee referred to in Article 4 of Council Regulation (EC, Euratom) No 1287/2003⁶ has issued opinions, provided advice to, and assisted the Commission in the exercise of its implementing powers. Under the strategy for a new European Statistical System structure to improve coordination and partnership in a clear pyramid structure within the System, the European Statistical System Committee, established by Regulation (EC) No 223/2009, should have an advisory role and assist the Commission in exercising its implementing powers. To that effect, the GNI Committee should be replaced by the ESSC for the purpose of assisting the Commission in the exercise of its implementing powers under the current Regulation. Nevertheless, for the purposes of other functions previously undertaken by the GNI Committee under Regulation (EC, Euratom) No 1287/2003, and not relating to assistance in the exercise of the implementing powers of the Commission, the Commission should establish a formal expert group to assist it for such other purposes.

(12) Council Directive 89/130/EEC, Euratom⁷ and Regulation (EC, Euratom) No 1287/2003 have set up a procedure to verify and assess the comparability, reliability and exhaustiveness of GNP and GNI within the GNP and GNI Committees in which Member States and the Commission cooperate closely. This procedure should be adjusted to take account of the use of GNI according to ESA 2010 for the purposes of own resources, the revised timetable for making available own resources and recent developments within the European Statistical System. Those acts should therefore be repealed.

⁵ Council Regulation (EU, Euratom) No 608/2014 of 26 May 2014 laying down implementing measures for the system of own resources of the European Union (OJ L 168, 7.6.2014, p. 29).

⁶ Council Regulation (EC, Euratom) No 1287/2003 of 15 July 2003 on the harmonisation of gross national income at market prices (GNI Regulation) (OJ L 181, 19.7.2003, p. 1).

⁷ Council Directive 89/130/EEC, Euratom of 13 February 1989 on the harmonisation of the compilation of gross national product at market prices (OJ L 49, 21.2.1989, p. 26).

HAVE ADOPTED THIS REGULATION:

Chapter I

Definition and calculation of gross national income at market prices

Article 1

1. Gross national income at market prices (GNI) and gross domestic product at market prices (GDP) shall be defined in accordance with the European system of national and regional accounts (ESA 2010), set up by Regulation (EU) No 549/2013.
2. In accordance with point 8.89 of Annex A to Regulation (EU) No 549/2013, GDP means the final result of the production activity of resident producer units. It can be defined in three ways:
 - (a) production approach: GDP is the sum of gross value added of the various institutional sectors or the various industries plus taxes and less subsidies on products (which are not allocated to sectors and industries). It is also the balancing item in the total economy production account;
 - (b) expenditure approach: GDP is the sum of final uses of goods and services by resident institutional units (final consumption and gross capital formation) plus exports and minus imports of goods and services;
 - (c) income approach: GDP is the sum of uses in the total economy generation of income account (compensation of employees, taxes on production and imports less subsidies, gross operating surplus and mixed income of the total economy).
3. In accordance with point 8.94 of Annex A to Regulation (EU) No 549/2013, GNI means the total primary income receivable by resident institutional units: compensation of employees, taxes on production and imports less subsidies, property income (receivable less payable), gross operating surplus and gross mixed income. GNI equals GDP minus primary income payable by resident institutional units to non-resident institutional units plus primary income receivable by resident institutional units from the rest of the world.

Chapter II

Forwarding Transmission of GNI data and additional information

Article 2

1. Member States shall establish GNI in accordance with Article 1 in the context of regular national accounts compilation.
2. Before the end of September of each year, Member States shall provide the Commission (Eurostat), in the context of national accounting procedures, with figures for aggregate GNI and its components, in accordance with the definitions referred to in Article 1. Totals for GDP and its components **shall** ~~may~~ be presented in accordance with the three approaches referred to in Article 1(2). The figures provided shall cover the preceding year and any changes made to the figures for previous years.
3. When communicating the data referred to in paragraph 2, Member States shall ~~transmit a report on the quality of GNI data to the Commission (Eurostat). The report shall provide the information necessary to show how the aggregate was reached, and in particular describe any significant changes in the sources and methods used and explain the revisions made to earlier GNI estimates~~ **GNI aggregates and their components compared to the previous period.**

Article 3

1. To ensure full compliance with ESA 2010, Member States shall provide the Commission (Eurostat) with an inventory of the sources and methods used to calculate GNI and its components according to ESA 2010.
2. The Commission shall establish, by means of implementing acts, the detailed structure and content of the inventory referred to in paragraph 1, as well as the timetable for its updating **and transmission. In exercising its power the Commission shall ensure that such implementing acts do not impose significant additional costs and burden on the Member States.** Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 7(2). **The inventory shall be coherent with the ESA 2010 legislation avoiding duplications and overloadings.**
3. To facilitate comparable analyses of compliance, the Commission shall draw up an inventory guide in close co-operation with the expert group referred to in Article 4.

Chapter III

Procedures and checks on the calculation of GNI

Article 4

The Commission shall establish a formal expert group composed of representatives of **all** the Member States and chaired by a representative of the Commission, to advise the Commission on and to express its views on the comparability, reliability and exhaustiveness of GNI calculations, to examine questions of implementation of this Regulation and to issue annual opinions on the appropriateness of the GNI data submitted by the Member States for own resources purposes.

Article 5

1. The Commission shall verify the sources and methods in the inventory referred to in Article 3(1). A verification model, drawn up by the Commission in close cooperation with the expert group referred to in Article 4, shall be used in this context. The model shall be based on the principles of peer review and cost-effectiveness.

2. The Commission shall establish, by means of implementing acts, measures to make GNI data more comparable, reliable and exhaustive. **Such implementing acts shall be duly justified and in accordance with ESA 2010 legislation.** Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 7(2).

Article 6

1. Without prejudice to the inspections provided for in Article 2 of Regulation (EU, Euratom) No 608/2014, GNI information visits may, where deemed appropriate, be carried out in Member States by the Commission (Eurostat).

1a. The purposes of information visits shall be the verification of the quality of GNI aggregates and their components and compliance with ESA 2010. In exercising the information visits, the Commission (Eurostat) shall respect rules on statistical confidentiality as laid down in Chapter V of Regulation (EC) No. 223/2009.

2. When carrying out information visits in Member States, the Commission (Eurostat) may request the assistance of national accounts experts representing national statistical authorities **of other Member States.**

The national accounts experts shall be registered on a list constituted on the basis of voluntary proposals sent to the Commission (Eurostat) by the national authorities responsible for the reporting of national accounts.

The participation of **national accounts experts of other** Member States in those visits is voluntary.

Article 7

1. The Commission shall be assisted by the European Statistical System Committee established by Regulation (EC) No 223/2009. That committee shall be a committee within the meaning of Regulation (EU) No 182/2011.

2. Where reference is made to this paragraph, Article 5 of Regulation (EU) No 182/2011 shall apply.

Chapter IV

Final provisions

Article 8

By 31 December 2022 at the latest, the Commission shall present a report to the European Parliament and the Council on the application of this Regulation.

Article 9

Directive 89/130/EEC, Euratom and Regulation (EC, Euratom) No 1287/2003 are repealed.

References to the repealed acts shall be construed references to this Regulation and read in accordance with the correlation tables set out in the Annex to this Regulation.

Article 10

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels,

For the European Parliament
The President

For the Council
The President