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INFORMATION NOTE

From:	General Secretariat of the Council
To:	Permanent Representatives Committee/Council
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 - Outcome of the European Parliament's first reading, (Brussels, 30-31 January 2019)

I. INTRODUCTION

In accordance with the provisions of Article 294 of the TFEU and the joint declaration on practical arrangements for the codecision procedure ¹, a number of informal contacts have taken place between the Council, the European Parliament and the Commission with a view to reaching an agreement on this dossier at first reading, thereby avoiding the need for second reading and conciliation.

In this context, the rapporteur, Roberto GUALTIERI (S&D, IT), presented a compromise amendment (amendment 2) to the proposal for a Regulation on behalf of the Committee on Economic and Monetary Affairs. This amendment had been agreed during the informal contacts referred to above.

¹ OJ C 145, 30.6.2007, p.5

II. VOTE

When it voted on 31 January 2019, the plenary adopted the compromise amendment (amendment 2) to the proposal for a Regulation. The Commission's proposal as thus amended constitutes the Parliament's first-reading position which is contained in its legislative resolution as set out in the Annex hereto².

The Parliament's position reflects what had been previously agreed between the institutions. The Council should therefore be in a position to approve the Parliament's position.

The act would then be adopted in the wording which corresponds to the Parliament's position.

² The version of the Parliament's position in the legislative resolution has been marked up to indicate the changes made by the amendments to the Commission's proposal. Additions to the Commission's text are highlighted in ***bold and italics***. The symbol "■" indicates deleted text.

Harmonisation of gross national income at market prices (GNI) ***I

European Parliament legislative resolution of 31 January 2019 on the 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 (COM(2017)0329 – C8-0192/2017 – 2017/0134(COD))

(Ordinary legislative procedure: first reading)

The European Parliament,

- having regard to the Commission proposal to Parliament and the Council (COM(2017)0329),
 - having regard to Article 294(2) and Article 338(1) of the Treaty on the Functioning of the European Union, pursuant to which the Commission submitted the proposal to Parliament (C8-0192/2017),
 - having regard to Article 294(3) of the Treaty on the Functioning of the European Union,
 - having regard to the provisional agreement approved by the committee responsible under Rule 69f(4) of its Rules of Procedure and the undertaking given by the Council representative by letter of 5 December 2018 to approve Parliament's position, in accordance with Article 294(4) of the Treaty on the Functioning of the European Union,
 - having regard to Rule 59 of its Rules of Procedure,
 - having regard to the report of the Committee on Economic and Monetary Affairs (A8-0009/2018),
1. Adopts its position at first reading hereinafter set out;
 2. Calls on the Commission to refer the matter to Parliament again if it replaces, substantially amends or intends to substantially amend its proposal;
 3. Instructs its President to forward its position to the Council, the Commission and the national parliaments.

P8_TC1-COD(2017)0134

Position of the European Parliament adopted at first reading on 31 January 2019 with a view to the adoption of Regulation (EU) 2019/... of the European Parliament and of the Council on the harmonisation of gross national income at market prices and repealing Council Directive 89/130/EEC, Euratom and Council Regulation (EC, Euratom) No 1287/2003 (GNI Regulation)

(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 procedure³,

³ Position of the European Parliament of 31 January 2019.

Whereas:

- (1) ***Gross national income at market prices (GNI) constitutes the basis for calculating the largest share of own resources in the general budget of the Union. Therefore, it is necessary to further reinforce the comparability, reliability and exhaustiveness of that aggregate.***
- (2) Statistical integrity through respect for the principles of the European Statistics Code of Practice, as reviewed and updated by the European Statistical System Committee (ESSC) on ***16 November 2017***, and of Regulation (EC) No **223/2009** of the European Parliament and of the Council⁴ is of particular importance where statistics are being used directly for administrative purposes ***and for policy-making at Union and national levels.***
- (3) ***Those*** statistical data ***are*** also an important analytical tool for the coordination of national economic policies and for various Union policies, ***as well as for research activities.***

⁴ 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).

- (4) In accordance with Article 2(7) of Council Decision 2014/335/EU, Euratom⁵, for own resources purposes, GNI *means* an annual GNI at market prices under the methodology set out in Annex A to Regulation (EU) No 549/2013 of the European Parliament and of the Council⁶ which established the revised European System of Accounts (ESA 2010). -In accordance with Article 10(1) of Decision 2014/335/EU, Euratom, and subject to Article 10(2) thereof, Council Decision 2007/436/EC, Euratom⁷ was repealed.
- (5) It is essential that GNI data *be* comparable *across Member States* and that there be compliance with the relevant definitions and accounting rules of ESA 2010. 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 data be reliable. This means that sound techniques should be applied to robust, suitable and up-to-date basic statistics as much as possible.

⁵ 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).

⁶ 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).

⁷ 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).

- (7) It is essential that GNI data be exhaustive. **Therefore, that data should also take into account informal, unregistered and other activities and transactions** 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 in order **to produce reliable statistics and, where applicable, to make necessary adjustments, avoiding gaps and double counting.**
- (8) Council Regulation (EU, Euratom) No 608/2014⁸ provides for inspections in Member States for the purpose of verifying own resources. **For GNI verification purposes,** the Commission (Eurostat) should be entitled to carry out GNI information visits in order **to verify the quality of GNI aggregates and their components and to verify compliance with ESA 2010, as well as** to ensure that GNI data are comparable, reliable and exhaustive. **The Commission (Eurostat) should respect rules on statistical confidentiality. The** participation of representatives of national statistical authorities in GNI information visits to other Member States **is essential in order to increase the transparency and quality of** the process of GNI verification.
- (9) **In order to ensure the reliability, exhaustiveness and highest possible degree of comparability of GNI data, in line with ESA 2010, the power to adopt acts in accordance with Article 290 of the Treaty on the Functioning of the European Union should be delegated to the Commission in respect of the list of issues to be addressed in every verification cycle. It is of particular importance that the Commission carry out appropriate consultations during its preparatory work, including at expert level, and that those consultations be conducted in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making⁹. In particular, to ensure equal participation in the preparation of delegated acts, the European Parliament and the Council receive all documents at the same time as Member States' experts, and their experts systematically have access to meetings of Commission expert groups dealing with the preparation of delegated acts.**

⁸ 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).

⁹ **OJ L 123, 12.5.2016, p. 1.**

- (10) In order to ensure uniform conditions for the implementation of this Regulation by providing GNI aggregates for own resources purposes, implementing powers should be conferred on the Commission to ***establish the structure and detailed arrangements of the inventory of the sources and methods used to produce GNI data and their components, in accordance with Annex A to Regulation (EU) 549/2013, as well as the timetable for its updating and transmission, and the specific measures aimed at improving the comparability, reliability and exhaustiveness of Member States' GNI data based on the list of issues defined by the Commission.*** Those powers should be exercised in accordance with Regulation (EU) No 182/2011 of the European Parliament and of the Council¹⁰.

¹⁰ 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).

- (11) The ESSC, established by Regulation (EC) No 223/2009, has been, in accordance with Article 7 of that Regulation, asked to provide its professional guidance.
- (12) The GNI Committee referred to in Article 4 of Council Regulation (EC, Euratom) No 1287/2003¹¹ has issued opinions for, 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 ESSC 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 this 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 purposes.

¹¹ 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).

- (13) Council Directive 89/130/EEC, Euratom¹² and Regulation (EC, Euratom) No 1287/2003 set up a procedure to verify and assess the comparability, reliability and exhaustiveness of Gross National Product (GNP) data and GNI data within the GNP Committee and GNI Committee in which Member States and the Commission cooperate closely. That procedure should be adjusted to take account of the use of GNI data 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. Directive 89/130/EEC, Euratom and Regulation (EC, Euratom) No 1287/2003 should therefore be repealed,

HAVE ADOPTED THIS REGULATION:

¹² 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).

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 Accounts 2010 (ESA 2010) established 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

Transmission of GNI data and additional information

Article 2

1. Member States shall *calculate* GNI *as defined* in Article 1 in the context of national accounts compilation.

2. Before 1 October each year, Member States shall provide the Commission (Eurostat), in the context of national accounting procedures, with figures for GNI aggregates and their components, in accordance with the definitions referred to in Article 1. Totals for GDP and its components *shall* be presented in accordance with the three approaches referred to in Article 1(2). *Data shall be transmitted for the preceding year and any changes made to the data for previous years shall be communicated at the same time.*

3. *The transmission of data referred to in paragraph 2 shall be accompanied by a report on the quality of GNI data. That report shall detail the methodology used to produce the data, and in particular describe any significant changes in the sources and methods used and explain the revisions made to GNI aggregates and their components compared to the previous periods.*

Article 3

1. Member States shall provide the Commission (Eurostat) with an inventory of the sources and methods used to **produce** GNI aggregates and their components in accordance with ESA 2010.
2. The Commission shall establish, by means of implementing acts, the structure and **detailed arrangements** of the inventory referred to in paragraph 1 of this Article, **in accordance with Annex A to Regulation (EU) 549/2013**, 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 which result in a disproportionate and unjustified burden on the Member States**. Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 8(2) of this Regulation. **The inventory shall be consistent with ESA 2010 and duplication and overloading shall be avoided**.
3. To facilitate comparable analyses of compliance, the Commission shall draw up an inventory guide in close cooperation 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 **regarding**, the comparability, reliability and exhaustiveness of GNI calculations, to examine **issues** 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, **their uses** and **the** 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 **to that effect**. The model shall be based on the principles of peer review and cost-effectiveness **and shall take into account the delegated acts referred to in the second subparagraph of paragraph 2 of this Article**.

2. ***GNI data shall be reliable, exhaustive and comparable.***

The Commission shall adopt delegated acts in accordance with Article 7 to supplement the provision laid down in the first subparagraph of this paragraph by defining the list of issues to be addressed in every verification cycle to ensure the reliability, exhaustiveness and highest possible degree of comparability of GNI data, in line with ESA 2010.

3. The Commission shall establish, by means of implementing acts, ***specific*** measures to make GNI data more comparable, reliable and exhaustive, ***based on the list of issues defined by the Commission in the delegated acts referred to in the second subparagraph of paragraph 2 of this Article. Such implementing acts shall be duly justified and in accordance with ESA 2010.*** Those implementing acts shall be adopted in accordance with the examination procedure referred to in Article 8(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).
2. ***The purposes of the information visits referred to in paragraph 1 of this Article shall be the verification of the quality of GNI aggregates and their components and the verification of compliance with ESA 2010. In exercising its right to carry out such information visits, the Commission (Eurostat) shall respect the rules on statistical confidentiality laid down in Chapter V of Regulation (EC) No 223/2009.***

3. When carrying out information visits in Member States, the Commission (Eurostat) may ***and is encouraged to*** 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 information visits is voluntary.

Article 7

1. ***The power to adopt delegated acts is conferred on the Commission subject to the conditions laid down in this Article.***

2. *The power to adopt delegated acts referred to in the second subparagraph of Article 5(2) shall be conferred on the Commission for a period of five years from ... [the date of entry into force of this Regulation]. The Commission shall draw up a report in respect of the delegation of power not later than nine months before the end of the five-year period. The delegation of power shall be tacitly extended for periods of an identical duration, unless the European Parliament or the Council opposes such extension not later than three months before the end of each period.*
3. *The delegation of power referred to in the second subparagraph of Article 5(2) may be revoked at any time by the European Parliament or by the Council. A decision to revoke shall put an end to the delegation of the power specified in that decision. It shall take effect the day following the publication of the decision in the Official Journal of the European Union or at a later date specified therein. It shall not affect the validity of any delegated acts already in force.*
4. *Before adopting a delegated act, the Commission shall consult experts designated by each Member State in accordance with the principles laid down in the Interinstitutional Agreement of 13 April 2016 on Better Law-Making.*

5. *As soon as it adopts a delegated act, the Commission shall notify it simultaneously to the European Parliament and to the Council.*
6. *A delegated act adopted pursuant to the second subparagraph of Article 5(2) shall enter into force only if no objection has been expressed either by the European Parliament or by the Council within a period of two months of notification of that act to the European Parliament and to the Council or if, before the expiry of that period, the European Parliament and the Council have both informed the Commission that they will not object. That period shall be extended by two months at the initiative of the European Parliament or of the Council.*

Article 8

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 9

Before 1 January 2023, the Commission shall present a report to the European Parliament and to the Council on the application of this Regulation.

Article 10

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

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

Article 11

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 ...,

For the European Parliament

For the Council

The President

The President

ANNEX

Correlation tables

Directive 89/130/EEC, Euratom	This Regulation
Article 1	Article 1 (1) (3)
Article 2	Article 1 (2)
Article 3	Article 2 (1) (2)
-	Article 4
Article 4	Article 3
Article 5	Article 2 (3)
-	Article 5
-	Article 6
-	Article 7
Article 6	Article 8
Article 7	-
Article 8	-
Article 9	-
Article 10	Article 9
-	Article 10
Article 11	-
-	Article 11

Regulation (EC, Euratom) No 1287/2003	This Regulation
Article 1	Article 1
Article 2	Article 2
Article 3	Article 3
-	Article 4
Article 4	Article 8
Article 5(1)	Article 5
Article 5(2)	-
Article 5(3)	-
Article 6	Article 6
-	Article 7
Article 7	Article 9
-	Article 10
Article 8	Article 11