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Delegations will find attached document COM(2020) 490 final.

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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
pursuant to Regulation (EC) 184/2005 on Community statistics concerning balance of
payments, international trade in services and foreign direct investment**

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 pursuant to Regulation (EC) No 184/2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment

1. INTRODUCTION

Regulation (EU) 2016/1013 of the European Parliament and of the Council¹ aligned, inter alia, the powers conferred on the Commission by Regulation (EC) No 184/2005² with the Treaty on the Functioning of the European Union (TFEU).

Regulation (EC) No 184/2005, as amended, empowers the Commission to adopt delegated acts in accordance with Article 290 TFEU for the following purposes:

- to update the geographical breakdown levels, institutional sector breakdown levels and economic activity breakdown levels set out in Tables 6, 7 and 8 of its Annex I to reflect economic or technical changes (Article 2(3));
- to eliminate or reduce certain requirements of data flows in its Annex I, provided that such elimination or reduction does not reduce the quality of the statistics produced in accordance with that regulation (Article 2(3)); and
- to extend the deadline for the report under Article 5(5) of that regulation as regards the findings of the pilot studies on foreign direct investment (FDI) statistics based on the ultimate ownership concept and FDI statistics distinguishing greenfield FDI transactions from takeovers (Article 5(6)).

When exercising those powers, the Commission should ensure that the delegated acts adopted under these provisions do not impose a significant additional burden on Member States or on the respondent units, exceeding what is necessary for the purposes of Regulation (EC) No 184/2005, nor modify the applicable underlying conceptual framework. Article 10(4) of that regulation provides for systematic consultations of Member State experts by the Commission during its preparatory work on delegated acts, in accordance with the Interinstitutional Agreement of 13 April 2016 on Better Law-Making³. Article 10(5) of that regulation requires the Commission to notify the European Parliament and the Council as soon as it adopts a delegated act.

¹ [Regulation \(EU\) 2016/1013](#) of the European Parliament and of the Council of 8 June 2016 amending Regulation (EC) No 184/2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment (OJ L 171, 29.6.2016, p. 144).

² [Regulation \(EC\) No 184/2005](#) of the European Parliament and of the Council of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment (OJ L 35, 8.2.2005, p. 23).

³ [Interinstitutional Agreement](#) between the European Parliament, the Council of the European Union and the European Commission on Better Law-Making of 13 April 2016 (OJ L 123/1).

2. LEGAL BASIS

Under Article 10(2) of Regulation (EC) No 184/2005, the power to adopt delegated acts is conferred on the Commission for a period of 5 years from 19 July 2016. The delegation of power is to be tacitly extended for periods of 5 years, unless the European Parliament or the Council opposes such extension not later than 3 months before the end of each period.

The Commission is required to draw up a report on the delegation of power no later than 9 months before the end of the five-year period.

This report fulfils this obligation.

3. COMMISSION'S EXERCISE OF THE DELEGATION

Since Regulation (EU) 2016/1013 entered into force, the Commission has adopted one delegated act – Commission Delegated Regulation (EU) 2019/505⁴. Based on Article 2(3) of Regulation (EC) No 184/2005, this Delegated Regulation updated the geographical breakdown levels set out in Annex I to Regulation (EC) No 184/2005, in order to reflect economic and technical developments.

The Commission deemed it necessary to exercise the power conferred on it by Regulation (EC) No 184/2005 as a necessary preparation for the United Kingdom withdrawing from the EU. Following the United Kingdom's notification (29 March 2017) of its intention to withdraw from the Union under Article 50 TEU, the Commission set various preparedness measures⁵, including the update of the composition of EU aggregates in the EU statistics concerning balance of payments, international trade in services and foreign direct investment. Commission Delegated Regulation (EU) 2019/505 was part of a package of measures adopted by the Commission in December 2018 in response to the United Kingdom's withdrawal from the EU.

Commission Delegated Regulation (EU) 2019/505 updated Table 6 'Geographical breakdown levels' of Annex I to Regulation (EC) 184/2005 as follows:

- 1) The United Kingdom was included as a separate counterpart country in column GEO 4⁶ to ensure the continuity of Member States' data transmission to Eurostat with counterpart United Kingdom after its withdrawal from the EU.
- 2) The United Kingdom was moved under geographical aggregate 'Other European countries' in columns GEO 5 and GEO 6⁷. Aggregate 'Other European countries'

⁴ [Commission Delegated Regulation \(EU\) 2019/505](#) of 19 December 2018 amending Annex I to Regulation (EC) No 184/2005 of the European Parliament and of the Council, as regards the geographical breakdown levels (OJ L 85, 27.3.2019, p. 1)

⁵ [Communication from the Commission](#) on 'Preparing for the withdrawal of the United Kingdom from the European Union on 30 March 2019: a Contingency Action Plan' (COM(2018)880 final, 13.11.2018)

⁶ GEO 4 is the geographical breakdown level required for certain items of Member States' quarterly data on balance of payments and the international investment position and activity breakdown of annual direct investment transactions and annual direct investment positions. At present, GEO 4 includes the following counterpart areas: Union Member States not in the euro area; Switzerland; Russia; the United Kingdom; Canada; the United States; Brazil; China; Hong Kong; India; Japan; Intra Union; Extra Union; Intra euro area; Extra euro area; Union institutions (excluding the European Central Bank); the European Investment Bank; offshore financial centres; international organisations (excluding European Union institutions) and the International Monetary Fund.

includes all European countries that are neither EU nor EFTA Member States. With the United Kingdom expected to become a third country after its withdrawal from the EU, its positioning in GEO 5 and GEO 6 had to be changed accordingly.

This update has neither affected the reporting burden nor modified the applicable underlying conceptual framework.

During the preparatory work for this Delegated Regulation, the Commission carried out consultations, including at expert level. The parties consulted included the Expert Group on Balance of Payments and the Expert Group ‘National Statistical Institutes of the European Statistical System’. They were consulted by written procedure in October and November 2018. The draft delegated act was favourably received by both groups.

Both the European Parliament and the Council were duly informed and received all relevant documents promptly.

The Commission adopted the Delegated Regulation on 19 December 2018 and notified the European Parliament and the Council. Neither the European Parliament nor the Council issued any objection to the delegated act within the three-month period allowed under Article 10(6) of Regulation (EC) No 184/2005. Upon expiry of that period, Commission Delegated Regulation (EU) 2019/505 was published in the *Official Journal of the European Union* on 27 March 2019. It entered into force on 28 March 2019.

4. CONCLUSION

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

The Commission believes that it should continue to have these powers, as in the future it may need to adopt delegated acts under Article 2(3) of Regulation (EC) 184/2005, when as a result of economic or technical changes, the geographical breakdown levels, institutional sector breakdown levels and economic activity breakdown levels set out in its Annex need to be updated.

⁷ GEO 5 and GEO 6 are the geographical breakdown levels required for certain items of Member States’ annual data on international trade in services, annual direct investment transactions (including income) and annual direct investment positions submitted to Eurostat.