European system of national and regional accounts (ESA 95): allocation of financial intermediation services indirectly measured (FISIM) for the establishment of the gross national income (GNI) for the purposes of the EU budget and its own resources

2009/0068(CNS) - 26/05/2009 - Legislative proposal

PURPOSE: to ensure that FISIM is allocated for the establishment of the Gross National Income (GNI) for the purposes of the European Communities' budget and its own resources.

PROPOSED ACT: Council Decision.

BACKGROUND: 'Financial intermediation services indirectly measured' (FISIM) represent a part of the production of financial institutions (banks, typically) which is not delivered under the form of direct sales of services with a fixed price, but by means of charging a higher rate of interest for loans than the one used for deposits (interest differential). The allocation of FISIM within the European system of national and regional accounts (ESA 95) was defined in Council Regulation (EC) No 448/98.

However, for the purposes of the Community's budget and its own resources, the allocation of FISIM is not automatically applied. Firstly, by way of specific derogation, the adoption of a unanimous Council decision on the basis of a Commission proposal is required under Council Regulation (EC) No 448/98. Secondly, if it is established that the allocation of FISIM constitutes a significant change in the GNI, under Council Decision 2000/597/EC, Euratom and Council Decision 2007/436/EC, Euratom the Council, acting unanimously on a proposal of the Commission and after consulting the European Parliament, shall decide whether these modifications apply for the purposes of both these Decisions.

The allocation of FISIM for establishment of the GNI used for the purposes of the Community's budget and its own resources would have a significant impact on Member States' estimated own resources contributions and would also modify the ceilings for payments and commitments as established under both Decisions. For these reasons the Commission considers that the allocation of FISIM results in significant changes in the GNI.

CONTENT : the main points of the proposal are as follows:

- based on Council Regulation No 448/98, the draft Decision provides that FISIM would now be allocated for the establishment of the Gross National Income (GNI) for the purposes of the European Communities' budget and its own resources;
- based on Council Decision 2000/597/EC, Euratom, it provides that FISIM applies for the purposes of this Decision from 1 January 2005 to 31 December 2006;
- based on Council Decision 2007/436/EC, Euratom, it provides that FISIM applies for the purposes of this Decision from 1 January 2007.

Entry into effect is set as from 1 January 2005, in line with the entry into effect of Commission Regulation (EC) No 1889/2002.