# European system of national and regional accounts in the European Union (ESA 2010)

2010/0374(COD) - 20/12/2010 - Legislative proposal

PURPOSE: to revise ESA 95 in order to bring national accounts in the European Union, in line with new economic environment, advances in methodological research and needs of users.

PROPOSED ACT: Regulation of the European Parliament and of the Council.

BACKGROUND: ESA is an essential tool at European level, used for major administrative purposes (e.g. own resources, excessive deficit procedure, structural funds) and for the analysis of the coordination and convergence of Member States' economic policies. The ESA provides EU institutions, governments and economic and social operators with a set of harmonised and reliable statistics on which to base their decisions.

The ESA revision follows the revision of the International System of National Accounts (SNA 93). The new SNA (2008 SNA) was published in 2009 by the five international organisations which worked on the new Manual (IMF, OECD, UN Statistical Division, World Bank and Eurostat) in order to bring national accounts more in line with the new economic environment.

There is a need to revise the European system of accounts (ESA 95) set up by Regulation (EC) No 2223 /96 in order to take into account these new developments so that that system constitutes a version of 2008 SNA adapted to the structures of the Member States' economies, and so that the data of the Union are comparable with those compiled by its main international partners.

IMPACT ASSESSMENT: if ESA was not revised, this would weaken the comparability of national accounts and aggregates, first between Member States as the revision will be the occasion to specify new methodological rules for issues that have emerged in the fifteen last years, secondly at international level as SNA has just been revised.

LEGAL BASE: Article 338(1) of the Treaty on the Functioning of the European Union (TFEU).

CONTENT: the objective of the proposed Regulation (ESA 2010) is to **revise ESA** both concerning the methodology on common standards, definitions, classifications and accounting rules, and the programme for transmitting for Union purposes accounts and tables compiled according to the methodology.

**ESA 2010 is gradually to replace all other systems** as a reference framework of common standards, definitions, classifications and accounting rules for drawing up the accounts of the Member States for the requirements of the Union, so that results that are comparable between the Member States can be obtained.

The proposal includes a **methodology and a transmission programme** (which defines accounts and tables to be provided by all Member States according to specified deadlines). The Commission should make those accounts and tables available to users on precise dates, particularly with regard to monitoring the economic convergence and achieving close coordination of the Member States' economic policies.

Attention should be paid in the case of **environmental and social accounts** to the Communication from the Commission to the European Parliament and the Council of 20 August 2009 entitled "GDP and beyond - Measuring progress in a changing world". Therefore, further methodological studies and data tests may be required, in particular on issues related to GDP and beyond and Europe 2020 with the aim of

developing a more comprehensive measurement approach for wellbeing and progress in order to support the promotion of a smart, sustainable and inclusive economy.

Taking into consideration the findings of the task force, it may be necessary to amend the methodology for the calculation and allocation of Fisim, by means of a delegated act before the end of 2012, in order to provide more reliable results.

Lastly, research and development expenditure has the nature of investment and should therefore be recorded as fixed capital formation. However, it is necessary to specify the format of the data to be recorded as fixed capital formation by means of a delegated act when a sufficient level of confidence in the reliability of the data is reached. The proposed act concerns an EEA matter and should therefore extend to the European Economic Area.

BUDGETARY IMPLICATION: this proposal has no implication for the EU budget.