Harmonisation of gross national income (GNI) at market prices

2017/0134(COD) - 20/06/2017 - Legislative proposal

PURPOSE: to reinforce comparability, reliability and exhaustiveness of GNI aggregate (gross national income).

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

ROLE OF THE EUROPEAN PARLIAMENT: the European Parliament decides in accordance with the ordinary legislative procedure and on an equal footing with the Council.

BACKGROUND: gross national income (GNI) constitutes the basis for calculating the largest share of own resources in the budget of the European Union.

The new ‘own resources decision,’ Council Decision 2014/335/EU, Euratom on the system of own resources of the European Union entered into force on 1 October 2016. This Decision states that for own resources purposes, the GNI of Members States shall be defined in accordance with Regulation (EU) No 549/2013 of the European Parliament and of the Council on the European system of national and regional accounts in the European Union (ESA 2010).

In September 2014, **ESA 2010** became the new standard for calculating national accounts in the EU.

In order to **enhance the comparability, reliability and exhaustiveness of the GNI aggregate**, the Commission considers it necessary to revise Council Regulation (EC, Euratom) No 1287/2003 on the harmonisation of income (GNI Regulation) in order to align the GNI with Regulation (EU) No 549/2013, the legal basis of which is also Article 338(1) of the TFEU, which constitutes the legal basis for European statistics.

The proposal follows on from the recommendations in the Court of Auditors' special report No 11/2013 entitled 'Getting the Gross National Income (GNI) data right' and the Commission's communication on the production method of EU statistics: a vision for the next decade.

CONTENT: the proposed Regulation, repealing Council Regulation (EC, Euratom) No 1287/2003 (the 'GNI Regulation'), is a **simple update of the existing system**.

It provides that 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.

To emphasise statistical integrity when compiling and harmonising GNI, the **legal basis shall be Article 338(1) TFEU**.

The proposed changes to the situation under the GNI Regulation consist of adapting the GNI data reporting to ESA 2010 and introducing the **European Statistical System Committee** (ESSC) as the relevant comitology committee instead of the GNI Committee as part of a new ESS structure.

According to the Commission, the proposal imposes **less of a burden on Member States** than the current situation because without a switch to ESA 2010 for own resources, Member States could be required to produce a double set of accounts, one on ESA 2010 and one on ESA 95.