

EN

EN

EN



COMMISSION OF THE EUROPEAN COMMUNITIES

Brussels, 26.5.2009
COM(2009) 238 final

2009/0068 (CNS)

Proposal for a

COUNCIL DECISION

on the allocation of financial intermediation services indirectly measured (FISIM) for the establishment of the gross national income (GNI) used for the purposes of the European Communities' budget and its own resources

EXPLANATORY MEMORANDUM

1. INTRODUCTION

'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 of 16 February 1998, which completed and amended Council Regulation (EC) No 2223/96 of 25 June 1996 and was implemented from 1 January 2005 onwards by Commission Regulation (EC) No 1889/2002 of 23 October 2002.

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 Article 8(1) of Council Regulation (EC) No 448/98. Secondly, if it is established that the allocation of FISIM constitutes a significant change in the GNI, under the second subparagraph of Article 2(7) of respectively Council Decision 2000/597/EC, Euratom of 29 September 2000 and Council Decision 2007/436/EC, Euratom of 7 June 2007 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 the respective Article 3 of both Decisions. For these reasons the Commission considers that the allocation of FISIM results in significant changes in the GNI.

The present Commission Communication includes therefore a proposal for Council Decision in which:

- Based on Article 8(1) of Council Regulation No 448/98, Article 1 disposes 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 the second subparagraph of Article 2(7) and on Article 3 of Council Decision 2000/597/EC, Euratom, Article 2 disposes that FISIM applies for the purposes of this Decision from 1 January 2005 to 31 December 2006.
- Based on the second subparagraph of Article 2(7) and on Article 3 of Council Decision 2007/436/EC, Euratom, Article 3 disposes that FISIM applies for the purposes of this Decision from 1 January 2007.

2. ALLOCATION OF FISIM FOR THE PURPOSE OF COMMUNITY'S OWN RESOURCES.

2.1. Availability of ESA 95 data with FISIM allocated

Council Regulation (EC) No 448/98 defined the allocation of FISIM in ESA 95 and requested from Member States the *Submission of the results of calculations during a trial period* (Article 4) followed by an *Evaluation of results* (Article 5). This evaluation was satisfactory and Council Regulation (EC) No 448/98 was then eventually implemented by Commission Regulation (EC) No 1889/2002, which applied from 1 January 2005 (Article 2) and obliged Member States to allocate FISIM in ESA 95 data transmission.

In their September/October 2008 transmission of ESA 95 data, all Member States complied with this requirement for the first time, enabling the Commission to submit the present proposal.

2.2. Allocating FISIM to the GNI used for own resources purposes

Article 8(1) of Council Regulation (EC) No 448/98 stipulates: "*By way of derogation to this Regulation, the decision to allocate FISIM for the establishment of the GNP [Gross National Product, later replaced by the concept of GNI, from 2002 onwards, pursuant to the first subparagraph of Article 2(7) of Decision (EC) No 2000/597] used for the purposes of the Community's budget and its own resources shall be adopted by the Council, acting unanimously, on a proposal from the Commission*". This means that, by way of derogation, Council Regulation (EC) No 448/98, which amended ESA 95 with respect to the allocation of FISIM, does not apply for the establishment of the GNI used for the purposes of own resources.

The object of the present proposal (article 1) is to have Council decide that FISIM should be allocated for the establishment of the GNI used for the purposes of own resources. Indeed, it is appropriate to use the most recent statistical concepts for the purposes of own resources and accordingly to define the GNI as provided by the Commission in application of the ESA 95 in accordance with Council Regulation (EC) No 2223/96 as subsequently modified.

2.3. Applying the allocation of FISIM for the purposes of Decision (EC) No 2000/597

The second subparagraph of Article 2(7) of Decision (EC) No 2000/597 stipulates: "*Should modifications to the ESA 95 result in significant changes in the GNI as provided by the Commission, the Council, acting unanimously on a proposal of the Commission and after consulting the European Parliament, shall decide whether these modifications shall apply for the purposes of this Decision*". Allocating FISIM increases GNI by more than 1 % in average which, when applying the method described in Article 3 of Decision (EC) No 2000/597, implies notably a change in the ceilings set by this article. This means that allocating FISIM is a significant change in the sense of above second subparagraph of article 2(7).

The object of the present proposal (article 2) is to apply, for the years 2005 & 2006 only, the allocation of FISIM for the purposes of Decision (EC) No 2000/597.

2.4. Applying the allocation of FISIM for the purposes of Decision (EC) No 2007/436

The second subparagraph of Article 2(7) of Decision (EC) No 2007/436 stipulates: "*Should modifications to the ESA 95 result in significant changes in the GNI as provided by the*

Commission, the Council, acting unanimously on a proposal of the Commission and after consulting the European Parliament, shall decide whether these modifications shall apply for the purposes of this Decision". Allocating FISIM increases GNI by more than 1 % in average which, when applying the method described in Article 3(3) of Decision (EC) No 2007/436, implies notably a change in the ceilings set by this article. This means that allocating FISIM is a significant change in the sense of above second subparagraph of article 2(7).

The object of the present proposal (article 3) is to apply, from 2007 onwards, the allocation of FISIM for the purposes of Decision (EC) No 2007/436.

2.5. Entry into force and effect

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

Proposal for a

COUNCIL DECISION

on the allocation of financial intermediation services indirectly measured (FISIM) for the establishment of the gross national income (GNI) used for the purposes of the European Communities' budget and its own resources

(//EC, Euratom)

THE COUNCIL OF THE EUROPEAN UNION,

Having regard to the second subparagraph of Article 2(7) of respectively Council Decision 2000/597/EC, Euratom of 29 September 2000 and Council Decision 2007/436/EC, Euratom of 7 June 2007 thereof,

Having regard to the proposal from the Commission,

Having regard to the opinion of the European Parliament¹,

Having regard to the opinion of the Court of Auditors²,

Whereas:

- (1) Article 8(1) of Council Regulation (EC) No 448/98 of 16 February 1998 completing and amending Regulation (EC) No 2223/96 with respect to the allocation of financial intermediation services indirectly measured (FISIM) within the European system of national and regional accounts (ESA)³ provides that the decision to allocate financial intermediation services indirectly measured (FISIM) for the establishment of the Gross National Product used for the purposes of the Community's budget and its own resources shall be adopted by the Council. The concept of Gross National Product was from 2002 onwards replaced by the concept of Gross National Income (GNI), pursuant to the first subparagraph of Article 2(7) of Council Decision 2000/597/EC, Euratom of 29 September 2000 on the system of the European Communities' own resources⁴.
- (2) It is appropriate to use the most recent statistical concepts for the purposes of the Community's budget and its own resources, in particular as far as the establishing the GNI as provided by the Commission in application of the European system of national and regional accounts (ESA 95) is concerned. FISIM should be therefore allocated for the establishment of the GNI for the purposes of the Community's budget and its own resources.

¹ OJ C [...], [...], p. [...].

² OJ C [...], [...], p. [...].

³ OJ L 58, 27.2.1998, p. 1.

⁴ OJ L 253, 7.10.2000, p. 42.

- (3) According to the second subparagraph of Article 2(7) of Council Decision 2000/597/EC, Euratom, where modifications to the European system of national and regional accounts result in significant changes in the Gross National Income as provided by the Commission, the Council has to decide whether those modifications shall apply for the purposes of that Decision. Similarly, the second subparagraph of Article 2(7) of Council Decision 2007/436/EC, Euratom of 7 June 2007 on the system of the European Communities' own resources⁵ provides that where modifications to the European system of national and regional accounts result in significant changes in the Gross National Income as provided by the Commission, the Council has to decide whether those modifications shall apply for the purposes of that Decision.
- (4) The allocation of FISIM results in a significant change in the sense of the second subparagraph of Article 2(7) of Decision 2000/597/EC, Euratom since it increases GNI by more than 1 % in average and implies, when applying the method described in Article 3 of that Decision, a change in the ceilings set by that Article. For the same reasons, the allocation of FISIM results in a significant change in the sense of the second subparagraph of Article 2(7) of Decision 2007/436/EC, Euratom.
- (5) Therefore the allocation of FISIM should apply for the purposes of Decisions 2000/597/EC, Euratom and 2007/436/EC, Euratom.
- (6) Commission Regulation (EC) No 1889/2002 of 23 October 2002 on the implementation of Council Regulation (EC) No 448/98 applies from 1 January 2005.
- (7) For reasons of coherence, this Decision should therefore take effect on 1 January 2005. Accordingly, the allocation of FISIM for the establishment of GNI for the purposes of the Community's budget and its own resources should apply for the purposes of Decision 2000/597/EC, Euratom from 1 January 2005 to 31 December 2006, because that Decision was repealed by Decision 2007/436/EC, Euratom as of 1 January 2007. That allocation should apply for the purposes of Decision 2007/436/EC, Euratom from 1 January 2007, when that Decision took effect,

HAS DECIDED AS FOLLOWS:

Article 1

Financial intermediation services indirectly measured shall be allocated for the establishment of the gross national income for the purposes of the Community's budget and its own resources.

Article 2

The allocation of financial intermediation services indirectly measured pursuant to Article 1 shall apply for the purposes of Decision 2000/597/EC, Euratom from 1 January 2005 to 31 December 2006.

⁵ OJ L 163, 23.6.2007, p. 17.

Article 3

The allocation of financial intermediation services indirectly measured pursuant to Article 1 shall apply for the purposes of Decision 2007/436/EC, Euratom from 1 January 2007.

Article 4

This Decision shall enter into force on the day of its publication in the *Official Journal of the European Union*.

It shall take effect on 1 January 2005.

Done at Brussels,

For the Council
The President