



EUROPEAN COMMISSION  
EUROSTAT



## INFORMATION NOTE ON GREECE – 24.02.2010

In recent days, Eurostat has received many requests for information concerning the role of Eurostat in Excessive Deficit Procedure (EDP) statistics and on the specific operations undertaken by Greece in 2000-2001. This note aims to provide a general background on these issues.

### 1. The role of Eurostat

Council Regulation 479/2009 requires that Member States report EDP-related data to Eurostat twice per year – at end-March and end-September. At those times the role of Eurostat is to assess the quality of deficit and debt data provided and their compliance with national accounts rules – European system of accounts (ESA95). Eurostat publishes afterwards the notified EDP data by way of a news release. When Eurostat has doubts on the quality of the reported data, it may express reservations on the data of the Member State concerned.

In addition to the notification periods, Eurostat maintains very close contacts with the national statistical institutes of Member States, by way of technical working group meetings, visits to Member States, exchange of correspondence, etc.

In cases of new types of transactions that are undertaken by governments, Eurostat's role is to take initiatives to provide the appropriate guidance for their statistical recording based on national accounts principles.

In its methodological role Eurostat is assisted by the Committee on monetary, financial and balance of payments statistics (CMFB) composed of the representatives of the national statistical institutes and national central banks of EU Member States and the European Central Bank.

Although the responsibility for monitoring statistical data is vested in the Commission (and in the case of the EDP it is Eurostat who "provides" the data), it should be underlined that Eurostat does not directly compile statistics or control their production in the Member States. In this respect, it depends on the data compiled and reported by the Member States, as well as the administrative ability, goodwill and loyal co-operation of the respective national authorities.

### 2. The Greek case

Recently (8 January 2010), the Commission published a Report on Greek Government Deficit and Debt Statistics. This Report puts in question the reliability of Greek deficit and debt figures provided by the Greek statistical authorities and concludes that Greek authorities have not demonstrated the co-operation and transparency needed for the proper assessment by Eurostat of the quality of deficit and debt figures. Eurostat expressed reservations on the Greek data in its biannual press release on deficit and debt on five occasions between 2005 and 2009, despite the continuous and unique attention paid by Eurostat to Greek government deficit and debt statistics.

Recent press reports mention one off-market swap operation and several securitisation transactions undertaken by Greek government in the period 2000-2001. When the European system of accounts (ESA 1995) was adopted, these kinds of operations were not usual practice for governments of Member States and therefore, specific statistical rules for such government transactions did not exist. In consequence, Eurostat together with the EU statistical community elaborated specific guidance notes for the recording of government securitisation operations (issued by Eurostat in July 2002) and for the recording of financial derivatives (issued in March 2008).

Regarding the securitisation operations, Eurostat, after being informed by the Greek authorities of these operations in the framework of the regular consultations relating to deficit and debt EDP notification, asked the Greek statistical authorities in September 2002 to reclassify these operations as part of government debt according to the Eurostat guidance.

Concerning the specific off-market swap operation, Greek authorities had not informed Eurostat about this kind of government transaction. On the contrary, during a Eurostat visit to Greece on 15-19 September 2008, i.e. after the setting of the statistical rules, the Greek authorities declared that, in Greece, government units are not allowed by law to engage in off-market financial derivatives.

On 12 February 2010, Eurostat requested the Greek statistical authorities to provide information on all currency off-market swaps for 2001-2009 and their recording in EDP and national accounts. The Greek statistical institute sent on the evening of 23 February a package of information.

Eurostat's preliminary analysis is that although the information on swaps is incomplete, for the first time the Greek authorities have declared the existence of an off-market swap operation in 2001.

Eurostat will request the Greek authorities to supply, as soon as possible, all the information necessary for a complete evaluation and recording of this operation in the next EDP notification.

### 3. Euro stat's comments

The role of Eurostat is not to determine if government operations are illegal or not. In the context of the use by governments of new financial instruments, the role of Eurostat is to assess if such operations should have an impact or not on government deficit and debt.

Eurostat has no possibility to anticipate technical innovations in the financial sector, and can only react after having been informed on the use of such innovations by Member States.

The absence of information from Greece about the particular swap operation highlights the fact that Eurostat depends on the goodwill of Member States and reinforces the need to strengthen Eurostat competencies, as requested by the Commission in its proposal of 15 February 2010 for an amended Council Regulation regarding EDP statistics.

The purpose of the amended regulation is to allow the Commission and Member States to work more effectively together, based on a two-pillar approach: first, more frequent and comprehensive regular statistical visits in the context of the standard EDP procedure; second, where a risk-based assessment identifies specific and significant problems, Eurostat may conduct additional methodological visits.

In particular, there is a need for the recognition of the right for Eurostat to directly examine public accounts where there are substantial doubts about the reliability of the statistical data submitted by a

national statistical authority – together with the corresponding obligation of national authorities to keep and make available all of the relevant sources of information.

Moreover, this proposal also asks Member States to take appropriate measures to ensure that officials responsible for the reporting of the actual data to the Commission and of the underlying government accounts are accountable and act in accordance with principles established by European law.