

Summary Conclusions
Second Meeting of the Currency Union Technical Expert Group
IMF Committee on Balance of Payments Statistics

December 14-16, 2004

European Central Bank, Frankfurt

The second meeting of the Currency Union Technical Expert Group (CUTEG) was held during December 14-16, 2004 at the European Central Bank in Frankfurt. This report indicates issues/topics for which the CUTEG prepared outcome papers and summarizes the discussions/decisions on issues/topics for which the CUTEG did not prepare outcome papers at this stage. This report also summarizes decisions of CUTEG on the way forward.

I. ISSUES/TOPICS OF THE SECOND MEETING

A. Follow-up to the some provisional decisions of the June 2004 meeting

Decisions taken by the CUTEG

- The CUTEG confirms that the common currency is a domestic currency in all CU member state (see CUTEG outcome paper # 12)
- The CUTEG confirms that the debtor-creditor approach is to be adopted for CU and EU data (see CUTEG outcome paper # 11)
- The CUTEG re-affirms its position on SPE and holding companies (see Summary conclusions of the June meeting)

B. Definitional Issues at CU (and economic union) level

Definition of a CU

- See CUTEG outcome paper # 1.1

Definition of : (1) CU territory, (2) regional organization, (3) regional central bank

- See CUTEG outcome paper # 6.1

Definition of monetary authorities of a CU, concept of reserve assets at CU level

- See CUTEG outcome paper # 10.1

Definition of an economic union

- See CUTEG outcome paper # 2
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Conceptual treatment of multi-national settlements

- See CUTEG outcome paper # 16

C. Balance of payments issues at national level

Treatment of national agencies in a centralized CU

- See CUTEG outcome paper # 3.1

Standard components of a national BOP, in particular treatment of reserves

- See CUTEG outcome paper # 10.2

Treatment of banknotes

- The discussion on the treatment of banknotes concluded that further work is requested to take on board the comments made at the meeting.

Intra CU claims and liabilities arising from the subscription to the capital of the CUCB

- See CUTEG outcome paper # 15.2

Classification of claims/liabilities arising from the initial transfer of reserve assets to the CUCB

- See CUTEG outcome paper # 15.1

Classification of redistribution of profits

- The current treatment is straightforward. All CUCBs attribute profits as income on the underlying financial asset under which member country subscriptions are classified.

Residence of multinational companies

- CUTEG agreed to take off this issue of the list, as it is not a specific CUTEG issue, rather a side effect of financial integration. No further work is required.

D. Balance of payments issues at both national and CU levels

Reclassification of non financial transactions at the CU/economic union level

- See CUTEG outcome paper # 17

Intra/extra issues at CU level

- See CUTEG outcome paper # 11.1

II. THE WAY FORWARD

- The Secretariat will circulate the draft outcome papers and summary of the conclusions for members to provide their comments. After the outcome papers and summary of conclusions are finalized, they will be posted on the IMF's external website.
- The attention of the AEG will be drawn on some issues considered in the CUTEG, such as definitions and classifications mentioned above, so as to ensure a consistent approach in the new SNA, where appropriate.
- No further meeting is scheduled. The group agreed to continue its work through electronic discussion for the foreseeable future.
- The CUTEG will prepare a progress report, and perhaps a draft chapter, for the next BOPCOM meeting in June 2005.