

CURRENCY UNION TECHNICAL EXPERT GROUP (CUTEG)

**OUTCOME PAPER (CUTEG) # 4
(July 23, 2004)**

(1) Topic: Distinction between Currency Union and Regional Statement

(2) Issues – see CUTEG Issues Paper #4

(3) Recommendations:

1. The group agreed that, because of the complex conceptual issues involved in dealing with national and CU balance of payments in a currency union, a separate chapter is needed to deal with CU. There was also support for the view that this chapter should cover economic union data and other regional arrangements on the premise that while currency union data are a special case, with some core issues to be addressed, some other issues to be addressed were common for all types of multi-economy arrangements.

2. Members were of the view that compiling a geographical (regional) breakdown of a single economy's balance of payments could be dealt with separately from the compilation of currency union and regional statements (accounts with the rest of the world) for a group of countries.

3. The group agreed that the certain specific standard component requirements needed to compile a national contribution to the CU balance of payments should be clearly explained (the so-called “intra/extra” standard component presentation issue). In particular, external transactions and positions in portfolio and direct investment should be covered. The application of such an approach for balance of payments data for economic unions and other economic arrangements will be addressed at the meeting in December.

(4) Rejected Alternatives:

None.

(5) Actions before the next meeting of CUTEG

- ECB to draft a paper on the intra/extra issues for portfolio and, in cooperation with Eurostat, direct investment.