

Carlos da Silva Costa: Fostering cooperation between the ESS and the ESCB

Opening address by Mr Carlos da Silva Costa, Governor of the Bank of Portugal, at the Bank of Portugal workshop on “Fostering cooperation between the ESS and the ESCB”, Lisbon, 25 November 2011.

* * *

Members of the Committee on Monetary, Financial and Balance of Payments Statistics, Colleagues, Ladies and Gentlemen,

I am very pleased that the Banco de Portugal can host this Workshop on “Fostering cooperation between the European Statistical System (ESS) and the European System of Central Banks (ESCB)” – an event meant to recognise and celebrate the 20th Anniversary of the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) – and I would like to extend a warm welcome to all of you for joining us today.

It is also my great pleasure to have the opportunity to briefly address you on this joyous occasion.

Let me start by saying that the Banco de Portugal thinks highly of the work that the CMFB has undertaken for the last two decades in assisting the Commission to achieve close cooperation with the European Union (EU) Member States in the fields of monetary, financial and balance of payments statistics. I would like to praise specially the advisory role provided by the Committee in the context of the issues raised by the application of the Excessive Deficit Procedure (EDP).

Over this 20-year period, the CMFB acted in a very relevant fashion, accompanying the reinforcement of integration in Europe, especially during the creation of the Economic and Monetary Union.

The Committee was able to develop the right conditions for an effective and mutually beneficial cooperation between, on the one hand, the national statistical institutes and the Eurostat and, on the other hand, the national central banks and the European Central Bank (ECB), thus fostering the interchange of statistical knowledge among these entities and contributing to bringing about efficient data collection and compilation as well as access to high-quality EU and euro area economic and financial statistics. Ultimately, the work of the CMFB has contributed very positively to building further trust in official statistics.

I remain convinced that, to help us coping with the predicaments that the euro area is facing at the present juncture, the CMFB still has a unique and significant role to play.

Indeed, four years after the beginning of the largest financial crisis since the Great Depression, global financial stability has yet to be secured and many policy challenges remain to be addressed:

- Global recovery is not proceeding at a balanced pace
- Large global imbalances persist
- Widespread public debt sustainability concerns have emerged
- Links between weak balance sheets of both governments and the banking sector have led to renewed tensions in financial markets, particularly affecting the euro area.

At the national level, it is clear that utmost priority must be placed in restoring public debt sustainability, increasing domestic savings and enhancing potential growth in the crisis-hit countries. These are necessary conditions to stabilise external debt and put it on a

downward path. These objectives are at the core of the recently approved financial assistance programme to Portugal.

At the EU level, a new economic governance model is needed to deliver fiscal discipline, prevent sustained losses in competitiveness and promote financial stability.

For this purpose, in October 2010, the European Council endorsed the proposals put forward by a special task force on economic governance led by President van Rompuy. Building on the recommendations of the task force, the European Parliament and the Council adopted, in November 2011, the six legislative proposals presented by the European Commission in September 2010.

The new economic governance model comprises:

- A reformed Stability and Growth Pact, aimed at enhancing the surveillance of fiscal policies and applying enforcement measures more consistently and at an earlier stage
- New provisions aimed at strengthening national fiscal frameworks
- A new surveillance mechanism of macroeconomic imbalances.

It remains to be seen whether the new surveillance framework will prove sufficient to ensure a smooth functioning of the euro area.

The current turmoil in financial markets that I have concisely addressed, together with the challenges posed by globalisation and the vulnerability of economies to cross-border financial risks, call for the need to fully and timely capture this evolving reality by means of relevant statistics, produced and disseminated on a regular basis.

Statistics are a public good. Therefore, compiling and communicating top-quality statistics require efficient production and dissemination processes, in line with international standards and in compliance with commitments to national and international organisations.

The design, implementation and monitoring of EU policies constantly require statistical support to ensure that the policies address the relevant issues and that the expected results will be achieved. Just as EU policies evolve, good statistics have to develop in parallel.

In this regard, it is necessary to strike a proper balance between reducing the respondents' reporting burden and requiring more data (e.g., raw micro data) for compiling high-quality statistics. Enhanced collaboration among statistics compilers is also warranted, mainly as regards the interchange of quantitative information and knowledge for statistical purposes. Effective and efficient interagency statistical cooperation, especially at international level, is instrumental to the quality, relevancy and cost-effectiveness of macroeconomic statistics. To reach this stage, I believe that we need to further strengthen the statistical governance in Europe.

With this in mind, I would like to draw on the speech made by Mr Jean-Claude Trichet, former president of the ECB, at the 3rd ECB Conference on Statistics, in 2006. In his communication, he mentioned that "Good governance is particularly important for statistics that have a direct administrative and policy use in Europe, such as the indicators for assessing the convergence of EU Member States that do not yet belong to the euro area and the statistics underlying the excessive deficit procedure". From there, he moved to the importance of interagency cooperation for statistics purposes and the role played by the CMFB in this process, emphasising that "While Eurostat is responsible for these statistics, it can benefit, when deciding upon conceptual issues, from the considerable statistical expertise available at the Eurostat, the ECB, the NSIs and the NCBs, as brought together in the CMFB". Another important point raised by Mr Trichet in his speech regards the need to safeguard the independence of the statistical function. On this topic, he said that "... the compilation of government finance statistics – and all other statistics for that matter – should not be subject to political considerations. The compilers of these statistics must act in full

scientific independence, and the government must ensure that sufficient resources are made available for their task". He also highlighted the need to periodically appraise the relevance of extant statistics, by stating that "... it is important to regularly review the cost/benefit ratio of existing statistics that were agreed upon many years ago".

These wise words are still relevant today and I fully support them.

I find particularly interesting the idea expressed by Mr Trichet on the same occasion that "over time the European statistical systems will develop in the direction of genuine systems with regional competence centres, coordinated by the European institutions. The mutual interdependence of statistics compilers would then increase, which in turn calls for a further strengthening of international statistical governance."

That being said, I now turn to the subject that brought us here today, which is twofold: the Lisbon Workshop and the related Banco de Portugal's sponsorship of the book that celebrates the 20th Anniversary of the CMFB.

I will start with the latter.

To celebrate its 20th Anniversary, the CMFB thought of publishing a book offering a recollection of the main milestones that were achieved during these two decades, as well as some reflections on a number of statistical issues in which the Committee is expected to be involved in the future.

In recognition of the good work carried out by the CMFB through all these years, the Banco de Portugal decided to support that initiative by sponsoring the publication of the book. The outcome of this undertaking will be presented by the next speaker in a little while.

As to the Lisbon Workshop, its principal goal could be summarised in the following statement: Drawing from the past to prepare for the future! This is, in my opinion, a very fitting and commendable proposition.

During the two sessions of the Workshop and the ensuing debate the participants are expected to draw on the lessons learnt from CMFB's past mandates to find ways to further reinforce the collaborative efforts between central banks and statistical offices, with a view to better coping with the challenges ahead as regards official statistics (e.g., early identification of the likely changes and the true underlying economics of the events and transactions that have to be measured).

It is my firm belief that your combined efforts and your expertise will bring in a dynamic, productive and efficient meeting, with interesting presentations and fruitful discussions about the issue of interagency statistical cooperation at national and EU levels.

Before giving the floor to Mr Cadete de Matos, for him to proceed with the commentary and delivery of the book, I would like to conclude this brief address by wishing you all the best in whatever your future holds.

Thank you very much.