Commission Delegated Regulation (EU) 2019/280 of 3 December 2018 amending Regulation (EC) No 138/2004 of the European Parliament and of the Council as regards references to the European system of national and regional accounts in the European Union (Text with EEA relevance)

COMMISSION DELEGATED REGULATION (EU) 2019/280

of 3 December 2018

amending Regulation (EC) No 138/2004 of the European Parliament and of the Council as regards references to the European system of national and regional accounts in the European Union

(Text with EEA relevance)

THE EUROPEAN COMMISSION,

Having regard to the Treaty on the Functioning of the European Union,

Having regard to Regulation (EC) No 138/2004 of European Parliament and Council of 5 December 2003 on the economic accounts for agriculture in the Community[(1)], and in particular Article 2(2) and Article 3(3) thereof,

Whereas:

(1) Regulation (EU) No 549/2013 of the European Parliament and the Council[(2)] (‘ESA 2010’) contains the reference framework of common standards, definitions, classifications and accounting rules for drawing up the accounts of the Member States for the statistical requirements of the Union.

(2) The economic accounts for agriculture are satellite accounts of national accounts, as defined by ESA 2010, with the purpose of obtaining results that are harmonised and comparable between the Member States in order to draw up the accounts for the purposes of the Union.

(3) Since ESA 2010 is a revision of ESA 95, the introduction of new references in Annexes I and II to Regulation (EC) No 138/2004 is required.

(4) Annexes I and II to Regulation (EC) No 138/2004 should therefore be amended accordingly,

HAS ADOPTED THIS REGULATION:

Article 1

Annex I to Regulation (EC) No 138/2004 is amended in accordance with Annex I to this Regulation.

Annex II to Regulation (EC) No 138/2004 is amended in accordance with Annex II to this Regulation.

Changes to legislation: There are outstanding changes not yet made to Commission Delegated Regulation (EU) 2019/280. Any changes that have already been made to the legislation appear in the content and are referenced with annotations. (See end of Document for details) View outstanding changes

Article 2

This Regulation shall enter into force on the twentieth day following that of its publication in the *Official Journal of the European Union*.

This Regulation shall be binding in its entirety and directly applicable in all Member States.

Done at Brussels, 3 December 2018.

For the Commission

The President

Jean-Claude JUNCKER

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ANNEX I

Annex I to Regulation (EC) No 138/2004 is amended as follows:

(1) throughout the Annex:

(a) 'ESA 95' is replaced by 'ESA 2010';

(b) 'SNA 93' is replaced by '2008 SNA'.

(2) the 'Contents' section is amended as follows:

(a) in point III. F. 3. 'Rents (on land and underground deposits)' is replaced by 'Rents (on land and subsoil assets)';

(b) in point III. F. 4. 'Property income attributed to insurance policy holders (not covered by the EAA)' is replaced by 'Investment income attributable to insurance policy holders (not covered by the EAA)';

(c) in point VI. B. 4. 'Calculation of value added at constant prices' is replaced by 'Calculation of value added at fixed year prices'.

(3) the 'Foreword' section is replaced by the following:
FOREWORD

The revision of the European system of accounts (ESA 2010)[(3)] has led to some revisions of the basic methodology used for the EAA, to guarantee consistency with the ESA to allow harmonisation of the EAA both between Member States and with the central framework of the national accounts and to ensure that the changes to be made were feasible. This manual has been drawn up with these considerations in mind as, in addition to the concepts, principles and basic rules for compiling the EAA, it also refers to any adaptations to specific characteristics in the field of agriculture..

(4) Section I is amended as follows:

(a) in paragraph 1.02, footnote (2) is replaced by the following:

([2]) System of National Accounts, 2008. Joint publication by the United Nations, European Commission, International Monetary Fund, OECD and World Bank.;

(b) in paragraph 1.03 the last sentence is replaced by the following:

The ESA 2010 is characterised by the use of two types of unit and two corresponding ways of subdividing the national economy.;

(c) in paragraph 1.08 the last sentence is replaced by the following:

These two types of income (income generated by agricultural production and the income of agricultural households) are measured for two distinct purposes, which require two distinct methods of breaking down the economy: the first, for the EAA, is based on production units, which are defined by reference to an economic activity; the second is based on households (i.e. institutional units) whose main source of income is independent agricultural activity.;

(d) paragraph 1.09 is replaced by the following:

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1.09. In order to analyse flows occurring in the process of production and in the use of goods and services, it is necessary to choose units which emphasise relationships of a technico-economic kind. This requirement means that as a rule institutional units must be partitioned into smaller and more homogeneous units with regard to the kind of production. Local kind-of-activity units (local KAUs) are intended to meet this requirement as an operational approach (ESA 2010, 2.147)[(4)].;

(e) paragraph 1.10 is replaced by the following:

1.10. The local kind-of-activity unit (local KAU) is the part of a KAU which corresponds to a local unit. The local KAU is called an establishment in the 2008 SNA and ISIC Rev.4. A KAU groups all the parts of an institutional unit in its capacity as a producer contributing to the performance of an activity at class level (four digits) of the NACE Rev. 2 (the reference classification for economic activities, cf. 1.55) and corresponds to one or more operational subdivisions of the institutional unit. The institutional unit's information system must be capable of indicating or calculating for each local KAU at least the value of production, intermediate consumption, compensation of employees, the operating surplus and employment and gross fixed capital formation (ESA 2010, 2.148). The local unit is an institutional unit, or part of an institutional unit, producing goods or services situated in a geographically identified place.;

(f) paragraph 1.11 is replaced by the following:

1.11. Although a local KAU may correspond to an institutional unit or part of an institutional unit in its capacity as a producer, it can never belong to two distinct institutional units. Since, in practice, most institutional units producing goods and services are involved in a number of different activities at once (a principal activity and one or more secondary activities), they can be broken down into the same number of local KAUs, if necessary information is available. Ancillary activities (purchases, sales, marketing, accounting, transport, warehousing, maintenance, etc.; cf. 1.27), however, cannot lead to the creation of a local KAU, unless they are carried out in a separate location, located in a region other than the local KAU they serve (ESA 2010, 3.13).;

(g) paragraph 1.12 is replaced by the following:

1.12. Basically, as many local KAUs should be recorded as there are secondary activities, but it can happen that statistical (accounting) information does not make it possible to separate a local KAU's secondary activities or parts of those activities from its principal activities. If an institutional unit producing goods or services contains a principal activity and also one or several secondary activities, it is subdivided into the same number of KAUs, and the secondary activities are classified under different headings from the principal activity. The ancillary activities are not separated from the principal or secondary activities. But KAUs falling within a particular heading of the classification system can produce products outside the homogeneous group on account of secondary activities connected with them which cannot be separately identified from available accounting documents. Thus a KAU may carry out one or several secondary activities. (ESA 2010, 2.149).;

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(h) paragraph 1.13 is replaced by the following:

1.13. An activity can be said to take place when resources such as equipment, labour, manufacturing techniques, information networks or products are combined, leading to the creation of specific goods or services. An activity is characterised by an input of products (goods and services), a production process and an output of products. The principal activity of a local KAU is the activity where the value added of such activity exceeds that of any other activity carried out within the same unit. The classification of the principal activity is determined by reference to NACE rev. 2, first at the highest level of the classification and then at more detailed levels (ESA 2010, 3.10).;

(i) in paragraph 1.14 the last sentence is replaced by the following:

At the most detailed level of classification, as defined by ESA 2010, 2.150, an industry includes all local KAUs in the same class (four digit level) of NACE Rev. 2 and therefore engaged in the same principal activity as that defined in NACE Rev. 2.;

(j) point (ii) of paragraph 1.16 is replaced by the following:

(ii) non-agricultural inseparable secondary activities of agricultural units.;

(k) in paragraph 1.17 the last two sentences are replaced by the following:

The strict application of the ESA rule to units and their group should in fact result in a division of the agricultural holding into several separate local KAUs in cases where several activities of the NACE Rev. 2 four-digit class are performed on the same holding and the information required according to paragraph 1.10 is available. The adoption of the agricultural holding as the local KAU of the agricultural industry in the national accounts and EAA is based on a statistical approach.;

(l) in paragraph 1.19 the first sentence is replaced by the following:

Since, according to ESA 2010, an industry comprises a group of units which carry out as their principal activity the same or similar types of activity, the definition of the agricultural industry in the EAA depends on the identification of the characteristic activities and units in that industry.;

(m) in paragraph 1.20 the introductory phrase is replaced by the following:

The agricultural industry is treated as a grouping of all KAUs at local level which perform the following economic activities, as principal or secondary activity (cf. 1.60 to 1.66 for the precise definition of the agricultural industry):;

(n) paragraph 1.24 is replaced by the following:

1.24. Since the purpose of the EAA is to measure, describe and analyse the formation of income from agricultural economic activity (which, in the EU Member States, is almost exclusively a commercial activity), it was decided to exclude units for which the agricultural activity represents solely a leisure[(5)] activity. In contrast, units engaged in subsistence farming are