

## **Currency Union Technical Expert Group (CUTEG)**

### **OUTCOME PAPER (CUTEG) # 2**

**JANUARY 24, 2005**

(1) Topic: **Distinction between a currency union and other economic unions**

(2) Issues – see CUTEG Issues Paper # 2

<http://www.imf.org/external/np/sta/bop/pdf/cuteg2.pdf>

(3) Outcome of the discussion:

1. The definition of Economic Union (EU) provided in the issues paper # 2 was agreed in principle, but the wording needs to be tightened in light of the other definitions of EUs provided to CUTEG by its members. It was agreed, after discussion, that while the definition of EU should not refer to a common monetary and fiscal policy, it can refer to the existence of cooperation/coordination mechanisms in these fields.
2. CUTEG agreed on applying the same principles to the concept of residence of an EU as used to define residence in a CU.
3. CUTEG agreed that a table listing the various issues that require specific treatment when compiling data for CUs or EUs (e.g., definition of monetary authorities, domestic/foreign status of the common currency, residence etc), and indicates the extent to which they apply to one or other type of union, offers a good framework to illustrate the distinction between compiling a CU and EU BOP statement.
4. CUTEG agreed that because of the vital importance of ensuring a consistent approach among CU and EU members when compiling national contributions to CU and EU aggregates, the new BOP manual should make some reference to the importance of documentation (metadata) on the methodology applied in each economy.
5. CUTEG members also agreed that reference should be made in the new BOP manual to the relevance in an EU BOP statement of the current account, the capital account, and the direct investment data, while noting that other data categories are less relevant and meaningful at an EU level.
6. CUTEG also asked for consideration to be given to a different acronym from EU for Economic Union.

(4) Rejected Alternatives:

None.

(5) Actions

Review and revise the draft definition of economic union provided.