

CURRENCY UNION TECHNICAL EXPERT GROUP (CUTEG)

**OUTCOME PAPER (CUTEG) # 5
(July 23, 2004)**

(1) Topic: **Residence in a Currency Union and Residence in a Single Country**

(2) Issues – see CUTEG Issues Paper #5

(3) Outcome of the discussion:

1. There is a consensus that the CUCB, as an institutional unit, is non-resident from the viewpoint of member countries but resident of the currency union.

2. The issue of regional-wide company incorporation for multi-nationals, as under the legal framework of the European Company Status, was discussed. There was no definite conclusion but the question was raised of the balance of payments treatment of branches of a multiterritory enterprise that have no income and balance sheet accounts of their own, if all accounts are held at the company's headquarter. The members considered it worthwhile to consider whether in certain circumstances, notional units might be created. The BOPTEG and DITEG work on criteria for the identification of branches is also relevant to this issue.

(4) Rejected Alternatives:

None.

(5) Actions before the next meeting of CUTEG

- The ECB to provide further information on work being undertaken in Europe on the implications for balance of payments data of the European Company Status.