

## Press Release

### **Eurostat Preliminary View on the Operations of the National Asset Management Agency in the National Accounts**

The Minister for Finance, Mr. Brian Lenihan T.D., today stated:

*“I welcome the preliminary decision of Eurostat (the Statistical Authority of the European Commission) that the operations of the National Asset Management Agency should be recorded outside the general government sector in the Irish national accounts.*

*The preliminary decision of Eurostat means that the acquisition of the assets from the financial institutions by NAMA may be treated as off-balance sheet in the budgetary arithmetic under European national accounting rules. In other words, it will not increase the general government debt ratio and neither will our budget balance be directly affected by the NAMA initiative.*

*This has the very important effect of putting the treatment of the Irish asset protection scheme on an equal footing with bank support schemes in other member states, which are also being recorded off-balance sheet. The operations of NAMA will be treated in a similar way to the French scheme, which also uses a special purpose vehicle with majority private ownership. The Board of NAMA will hold a veto on the operations of the special purpose vehicle through the shareholding agreement.”*

This statistical treatment is dependent on the establishment of certain entities which will be the legal holders of the NAMA assets, while NAMA will retain effective control and veto on decision making.

However, the statistical treatment does not change the fact that operations of NAMA will lead to an increase in the amount of the State's potential liabilities. This basic fact should not be overlooked. However, neither should it be overlooked that these liabilities will be matched by a countervailing asset holding.

The Minister also stated:

*“Officials from the Central Statistics Office, the interim National Asset Management Agency and my Department have been in regular contact with Eurostat over the last few months regarding the appropriate treatment of NAMA.*

*At this stage, the Eurostat decision is preliminary as the National Asset Management Agency Bill 2009 has not yet been enacted. However, we expect that the final decision of Eurostat will not differ from the organisation's preliminary view.”*

20<sup>th</sup> October 2009

ENDS

**Notes for Editors**

The preliminary view of Eurostat and the related correspondence may be accessed at [http://epp.eurostat.ec.europa.eu/portal/page/portal/government\\_finance\\_statistics/eurostat\\_advice](http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/eurostat_advice)