

The Director-General

Luxembourg, 1 December 2011  
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**NOTE FOR THE ATTENTION OF THE MEMBERS OF THE ESS COMMITTEE**

Dear colleagues,

You may be aware that our colleague Andreas Georgiou, President of ELSTAT, is facing an investigation for having deliberately inflated the 2009 government deficit of Greece, following the revision of Greek EDP data in November 2010. The investigation is based on allegations expressed in the Greek media by a former member of the Board in September 2011. In recent days, a few other articles have appeared in the press probably because Andreas Georgiou will testify in a few days before a Greek prosecutor. You can read for example the article published by the Financial Times on 27 November titled "Greece's statistical chief faces criminal probe" (see attachment).

Following the interviews given to the press by the former member of the Board, Eurostat published on 20 September an information note (see attachment), focusing on the quality of Greek EDP data and on the fact that ELSTAT made significant improvements in the compilation of these data.

Taking into account the new developments in this "affair", in particular the fact that Andreas Georgiou will be soon obliged to testify before the Greek prosecutor, I would like to inform you about Eurostat's position on this issue, which might have important human and institutional consequences.

Eurostat refutes all allegations that the deficit of 2009 was over-estimated and confirms that, as already stated in the information note of 20 September 2011, the compilation of the Greek public finance data for 2009 and 2010 followed the rules applicable, and applied in all Member States. As a result, Eurostat has published the data on government deficit and debt transmitted by ELSTAT without any reservation for the last three notifications (November 2010, April 2011, October 2011), in contrast with previous periods. This reflects the significant progress in the quality of the public finance data transmitted by ELSTAT. As regards Andreas Georgiou and his staff, it is clear that the improvement in the quality of Greek EDP data is, in particular, the result of the implementation of new and strengthened procedures of compilation of public finance data put in place under the responsibility of the President of ELSTAT. In the compilation of the data, the President and his National Accounts team have demonstrated a high level of professionalism.

Finally, I would like to refer to the letters sent recently by Jean-Philippe Cotis, President of the Partnership Group, and Johnny Åkerholm, Chair of ESGAB, to the Greek government and parliament. Eurostat's position is fully in line with the positions expressed in these two letters and I think that it is very important that, on this difficult issue, the European Statistical System is able to speak with one voice.

Walter Radermacher

2 Annexes



## Information note on Greece

20/09/2011

In recent days a former ELSTAT board member has criticised the quality of work carried out by ELSTAT in the field of public finance data. This board member has in particular claimed that the Greek government deficit for 2009 was over-estimated by ELSTAT under Eurostat pressure. These criticisms have been widely reported in Greek media. Given the seriousness of these accusations and the importance of these data, Eurostat would like to recall the facts.

The statistical and institutional weaknesses in the compilation of Greek public finance data were clearly set out in the 2010 report of the European Commission. Following this report, ELSTAT was established as an independent statistical authority by a new Greek statistical law. As requested by the ECOFIN council a joint ELSTAT/Eurostat statistical action plan was launched, and as one of the first priorities, ELSTAT undertook major efforts to improve public finance data. Eurostat conducted several methodological visits to Greece under the regulation regarding the quality of statistical data in the context of the excessive deficit procedure. The results of these visits, which identify the main areas of work undertaken, are published on Eurostat's website.

Since then, the compilation of the Greek public finance data for 2009 (and 2010) has followed the rules applicable, and applied in all Member States (European System of Accounts 95), which indeed led to an upward revision of the Greek deficit and debt. Greece's 2009 deficit and debt data were notified by the Greek authorities and published by Eurostat, without reservation, in both the November 2010 and April 2011 News Releases. This is an indicator of the major progress made by ELSTAT in terms of reliability. The continued implementation of the joint action plan is necessary to ensure the full modernisation of the Greek statistical system.

ELSTAT has made significant improvements in the compilation of public finance data, and this has allowed ELSTAT to provide to all users a solid basis for the assessment of the Greek economy. It should not be forgotten that a reliable statistical infrastructure, built on the professional principles of Official Statistics, is the pre-condition for sound decision making.

**For further information**

2010 Commission report:

[http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/COM\\_2010\\_REPORT\\_GREEK/EN/COM\\_2010\\_REPORT\\_GREEK-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/COM_2010_REPORT_GREEK/EN/COM_2010_REPORT_GREEK-EN.PDF).

Report of Eurostat visits to Greece

[http://epp.eurostat.ec.europa.eu/portal/page/portal/government\\_finance\\_statistics/documents/Greece%20-%202010%20methodological%20visits%20report.pdf](http://epp.eurostat.ec.europa.eu/portal/page/portal/government_finance_statistics/documents/Greece%20-%202010%20methodological%20visits%20report.pdf).

November 2010 news release

[http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/2-15112010-AP/EN/2-15112010-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-15112010-AP/EN/2-15112010-AP-EN.PDF)

April 2011 news release

[http://epp.eurostat.ec.europa.eu/cache/ITY\\_PUBLIC/2-26042011-AP/EN/2-26042011-AP-EN.PDF](http://epp.eurostat.ec.europa.eu/cache/ITY_PUBLIC/2-26042011-AP/EN/2-26042011-AP-EN.PDF)

# Greece's statistics chief faces criminal probe

Financial Times, 27.11.2011 by Kerin Hope in Athens

The head of Elstat, [Greece](#)'s new independent statistics agency, faces an official criminal investigation for allegedly inflating the scale of the country's fiscal crisis and acting against the Greek national interest.

Andreas Georgiou, who worked at the [International Monetary Fund](#) for 20 years, was appointed in 2010 by agreement with the fund and the European Commission to clean up Greek statistics after [years of official fudging](#) by the finance ministry.

"I am being prosecuted for not cooking the books," Mr Georgiou told the Financial Times. "We would like to be a good, boring institution doing its job. Unfortunately, in Greece statistics is a combat sport."

The accusations against him, which are likely to shock European Union officials, come as eurozone finance ministers prepare to decide on Tuesday whether to release a delayed €8bn (\$10.6bn) loan tranche to Athens, needed to pay public sector salaries and pensions next month. Over the past 18 months rows about the size of the Greek deficit have strained relations between Greece's finance ministry and its international creditors.

Mr Georgiou is due to appear before Greece's prosecutor for financial crime on December 12 to answer the charges. If convicted of "betraying the country's interests", he could face life imprisonment.

The investigation follows a public dispute over the 2009 budget deficit figure. Under Mr Georgiou, the figure was revised upwards from 13.4 per cent to 15.8 per cent of gross domestic product – a record for a eurozone member state. The revised figure was accepted without reservation by Eurostat, the Brussels statistical service.

The prosecutor cites a claim by professor Zoe Georganta, a senior statistician who was sacked along with other members of Elstat's board by Evangelos Venizelos, the finance minister, earlier this year. According to Ms Georganta, the 2009 deficit was exaggerated by Elstat "so it would become larger than that of [Ireland](#) and Greece would be forced to adopt [painful austerity measures](#)".

Elstat was established in August 2010 in an attempt to bring Greek statistics into line with EU standards. Before then, a committee of finance ministry and central bank officials came up with an annual budget deficit figure to be reported to Eurostat, based on numbers provided by the government statistics office. The finance minister was personally responsible for approving the final figure.

Since Elstat was set up, Eurostat has dropped its warnings about the reliability of Greek data on the public finances – formerly a regular footnote in Commission statistical reports. According to revised Eurostat data, Greece would have failed even to gain admission to the eurozone in 2001 because its deficit was too large.

Lawmakers from Greece's five main political parties, from rightwingers to communists, have also contested the 2009 deficit figure. Elstat's own trade union has demanded a say in approving figures on the public finances before they are sent to Eurostat, staging strikes and sit-ins in order to press its claim.