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Internal Market and Services DG

Director General

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Dear Mr Murphy,

Thank you for your e-mail of 9 May 2007 to Commissioner McCreevy on the subject of IFRS 8 *Operating Segments* (IFRS 8) and the question whether it should require country-by-country disclosure. Commissioner McCreevy has asked me to answer on his behalf.

I welcome your strong involvement in the important issue of accounting disclosure, in particular in the Corporate Social Responsibility (CSR) aspects. The European Commission is currently developing a policy in order to promote a CSR attitude among European Union's companies. Your concerns would be better addressed through the development of this CSR policy than through an accounting standard, which focuses on information to the financial markets. Therefore, I would invite you to take part to the debate on our CSR initiative, which is presented on our website<sup>1</sup>.

In relation to IFRS 8 specifically, the European Commission has agreed, as noted in your letter, to undertake an analysis of the potential impact of endorsing IFRS 8 in the European Union. In this perspective, the Commission Services have published on the website a Commission questionnaire with deadline 29 June 2007. I would invite you to take the opportunity to reply to this questionnaire which is part of our general consultation process<sup>2</sup>.

Concerning your comments related to IASB consultation procedures, I would like to emphasize that the Commission has no intention to act as a substitute for the IASB due process. After discussion with the European Parliament, we exceptionally agreed to

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<sup>1</sup> [http://ec.europa.eu/enterprise/csr/index\\_en.htm](http://ec.europa.eu/enterprise/csr/index_en.htm)

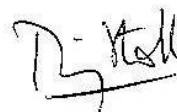
<sup>2</sup> [http://ec.europa.eu/internal\\_market/accounting/docs/ifrs8-consultation-final.htm](http://ec.europa.eu/internal_market/accounting/docs/ifrs8-consultation-final.htm)

undertake this analysis of impact on IFRS 8 and the exercise will be limited due to the short time allotted.

However, the Commission regularly follows practices and developments related to the IASB consultation process. We have issued a report on IASB governance in December 2006<sup>3</sup>, which provided suggestions on how to improve the consultation process. Following this report, the Trustees of the IASC Foundation have decided to implement new procedures to enhance the IASB consultation process, especially as concern impact assessment and feedback to comment letters. These forthcoming improvements will be described in our next report on IASB governance which is scheduled for July 2007. The Commission will continue to follow these developments and their practical implementation in the future.

My services remain at your disposal should you want to discuss the issue more in depth.

Yours sincerely



Thierry Stoll  
Deputy Director General

p.o. Jörgen Holmquist

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<sup>3</sup> [http://ec.europa.eu/internal\\_market/accounting/docs/ias/iasb\\_governance\\_report\\_working\\_paper\\_en.pdf](http://ec.europa.eu/internal_market/accounting/docs/ias/iasb_governance_report_working_paper_en.pdf)