

## **I. Generic template for b.o.p/i.i.p. statistics as provided by the Netherlands (De Nederlandsche Bank)**

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### **1. INSTITUTIONAL ENVIRONMENT**

#### ***1.1. CoP1 Professional Independence / PC1 Professional Independence***

##### *1.1.1 Legal basis*

The independence of De Nederlandsche Bank (DNB), in its capacity as a member of the ESCB, is emphasized in Article 130 of the EU Treaty and Article 7 of the Statute of the ESCB and of the ECB, which stipulate that “*when exercising the powers and carrying out the tasks and duties conferred upon them..., neither the ECB nor a national central bank nor any member of their decision making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision making bodies of the ECB or of the national central banks in the performance of their tasks.*”

##### *1.1.2 Statistics work programme*

DNB follows the ECB work programme in setting its priorities with regard to BOP/IIP statistics.

#### ***1.2. CoP2 Mandate for data collection/PC2 Mandate for data collection***

##### *1.2.1 Allocation of responsibilities*

DNB has been responsible for compiling BOP/IIP statistics since 1945. In the coming years, the current set up will be completely overhauled, as DNB and Statistics Netherlands have decided to integrate the production of BOP/IIP statistics and sectoral accounts. Although this will entail a complete restructuring of working processes, the formal responsibilities will remain unchanged.

##### *1.2.2 Legal basis*

Section 4 of the Bank Act 1998 mandates the production of statistics by DNB, whereas section 7 of the External Financial Relations Act 1994 (Wfbb – Wet financiële betrekkingen buitenland 1994) establishes DNB’s responsibility for compiling balance of payments statistics. On the basis of these acts, residents are required to report information needed for the compilation of the balance of payments statistics in conformity with rules established by DNB.

DNB cooperates closely with Statistics Netherlands as regards data collection. Most of the data for the current and capital account of the balance of payments are collected by Statistics Netherlands under the terms and conditions established in the Statistics Act of November 2003. The longstanding cooperation between Statistics Netherlands and DNB in the area of balance of payments was formally ratified in January 2006, when directors of both institutions signed a Partnership Agreement.

### ***1.3. CoP6 Impartiality and objectivity / PC6 Impartiality and objectivity***

#### *1.3.1 Advance release calendar*

A quarter-ahead calendar is published by DNB for the release of BOP/IIP statistics (and other statistics): <http://www.statistics.dnb.nl/en/advance-release-calendar/index.jsp>

#### *1.3.2 Revision policy*

The revision of BOP/IIP statistics is done within the European framework for data revisions. When data are published for the last quarter, revisions are made to the next-to-last quarter, whereas data for earlier quarters (not further back than three years) are revised twice a year. These revisions over longer time windows are done in ever closer cooperation with Statistics Netherlands to enhance data consistency. This convergence will result in a completely consistent revision policy for BOP/IIP statistics and national accounts in the coming years.

## **2. STATISTICAL PROCESSES**

### ***2.1. CoP7 Sound methodology / PC7 Sound methodology***

#### *2.1.1 General remarks*

BOP/IIP statistics are compiled in line with the conceptual framework of the IMF's Balance of Payments Manual sixth edition (BPM6), and the further specifications in the ECB Guideline and EU BOP Regulation. BPM6 data from 2003Q2 onwards can be found on DNB's website: <http://www.statistics.dnb.nl/en/balance-of-payments-and-international-investment-positions/index.jsp>

#### *2.1.2 Residency*

To establish residency the standard principles are applied. Resident institutional units are thus defined as units that have a centre of economic interest in the Netherlands. However, residents of Dutch overseas territories (Bonaire, Saba and Sint Eustatius) are excluded. Furthermore, the residency status of Special Purpose Entities (SPE's) depends on its registration at the Chamber of Commerce and its tax status.

### *2.1.3 Institutional unit definition*

To decide whether entities are institutional units or not, the standard guidelines are generally followed, meaning that decision-making autonomy and separate financial reporting are key. In the case of SPE's, reporting agents are instructed to present figures on a deconsolidated basis (instead of on a consolidated basis at the level of the institutional unit to which they belong). Also of relevance is that companies normally report on the level of the local enterprise group.

### *2.1.4 Sectorisation & sector definition and delimitation*

There are no deviations from the classification and sectorisation guidelines. DNB and Statistics Netherlands cooperate closely when allocating units into institutional sectors for compiling the BOP/IIP and national accounts. Information on the classification and sectorisation of legal entities is recorded in the Dutch Business Register ('Algemeen Bedrijvenregister') which is maintained by Statistics Netherlands.

### *2.1.5 Valuation*

In general, valuation is based on market prices. This is ensured for tradable financial instruments by using price data from the ECB's Centralised Securities Database (CSDB). The valuation of non-tradable financial instruments is less straightforward. If reporting agents have no information in their financial accounts on market values of non-listed equity investments, they report on the basis of net asset values (which also includes reinvested earnings) or book values (if net asset values are not available).

Non-market value based company figures for foreign direct investment are corrected to derive estimations for 'net direct investment at market value'. This estimate is subsequently used as input for an alternative, market value based IIP figure (which is not transmitted internationally, but published on DNB's website).

### *2.1.6 Time of recording (accrual accounting)*

Interest income is recorded on an accrual basis.

### *2.1.7 Coverage gaps & deviations*

The main coverage gaps are debt forgiveness by sectors other than the government and household assets held abroad. More specifically, household's securities deposited at custodians outside the euro area are not observed (but are likely to be small).

There are a few deviations from BPM6 guidelines. For instance, DNB is at the moment unable to provide data on FDI between fellow enterprises. This information is not asked for in DNB's current reporting forms, but will become available in the near future, when a new reporting framework is introduced. To be clear, this extra information will only enable an extra breakdown and not affect headline FDI figures. Moreover, in practice this breakdown will not give much insight as FDI statistics are collected by DNB at the level of the enterprise group.

Secondly, financial services trade does not include margins on buying and selling transactions. This is in order to ensure consistency with the national accounts in which these figures are also not yet taken on board. As a side note, figures margins on buying and selling transactions are constructed by DNB and included in ITS-data for services trade. Finally, some new BPM6 data requirements are met through simple estimates (reinvested earnings in investment funds, remaining maturity of debt securities).

## **2.2. CoP8 Appropriate Statistical procedures / PC8 Appropriate Statistical procedures**

### *2.2.1 Main features*

DNB replaced its settlements based compilation system for BOP/IIP statistics by a direct reporting system in early 2003. Since then monthly reports by resident agents have been the main source of information.

Reporting is not mandatory for the whole population, but only for a part, given the trade-off between completeness and efficiency. The reporting subgroup is constructed by DNB in such a way that around 95 percent of total transactions and positions are covered. Also for efficiency reasons, the current reporting framework includes some intermediary reporting by banks and custodians, especially in the field of financial derivatives and portfolio investments.

Reporting forms are customized for specific groups of similar reporting agents (so-called 'reporting profiles'). Generally, reporting agents are requested to explain all changes between opening and closing positions, for their assets and liabilities (broken down by country and counterparty sector), in terms of gross transactions, changes in market prices, exchange rate changes and other changes (such as write-offs). In order to alleviate the reporting burden, some profiles however do not require agents to report a 'full' reconciliation on all items. In such cases, a reconciliation is derived by combining reported information (on transactions or positions) with market information from other sources. Furthermore, the reconciliation for financial derivatives is imperfect as transactions of assets and liabilities are netted.

The information delivered by this general direct reporting system is complemented with information from multiple other sources, such as Statistics Netherlands (monthly foreign trade statistics, quarterly sectoral accounts information on goods and services trade, data on primary and secondary income), DNB's accounting department (information on reserve assets), and the Dutch Land Registry (administrative data in real estate transactions by non-residents). Additionally, series for which there is no direct information, are estimated using other sources. This is the case for series on personal remittances, short trade credit, currency owned by non-residents, households' deposits at foreign banks, and households' real estate abroad. For example, households' deposits at foreign banks are estimated on the basis of tax information (which is exchanged within the framework of the European tax savings directive), whereas households' real estate abroad is derived from reported tax files.

### *2.2.2 Country specific aspects*

Further specifics on BOP/IIP statistics can be found in the IMF SDSS Plus metadata

<http://dsbb.imf.org/Pages/SDDS/DQAFBase.aspx?ctycode=NLD&catcode=BOP00>

### **3. STATISTICAL OUTPUT**

#### ***3.1. CoP11 Relevance / PC11 Relevance***

Apart from being an important input for the compilation of national accounts, BOP/IIP data are used for all kinds of policy purposes. More specifically, BOP/IIP data support the assessment of external vulnerabilities and macroeconomic imbalances, and give a better understanding of the investment climate, and the connectedness to global production networks. Hence, BOP/IIP data are relevant for many internal users at DNB, especially within the Economic Policy and Research department and the Financial Stability department, as well as for external users such as government agencies, foreign embassies and financial market participants. Its relevance is also reflected by the inclusion of key BOP/IIP indicators in the Macroeconomic Imbalance Procedure (MIP) scoreboard of the European Commission).

#### ***3.2. CoP12 Accuracy and reliability / PC12 Accuracy and reliability (including stability)***

##### *3.2.1 Revisions*

The revision of BOP/IIP statistics can normally be ascribed to the correction of reporting mistakes and the arrival of yearly information, especially with regard to foreign direct investments (earnings and positions) and the activities of SPE's (which are rather large in the Netherlands).

##### *3.2.2 Errors and omissions and integrity rules*

Eurostat concludes in its 2015 quality report for the Netherlands that the overall quality of the BOP/IIP data transmitted is mostly in line with the EU requirements. Moreover, the consistency with the integrity rules is graded by Eurostat for most items as excellent.

The evolution of the net errors and omissions (net E&O) item is closely monitored, and efforts are made to reduce its size. An important quality enhancing procedure consists of comparing the data for non-resident transactions in securities data issued by residents (i.e. portfolio investment liabilities data) according to two different approaches: the 'Mixed Approach' (in which a mixture of end-investor reporting and custodian reporting is used) and the 'Residual Approach' (in which non-resident transactions are calculated as the residual of total net issues and transactions reported by resident end-investors).

#### ***3.3. CoP13 Timeliness and punctuality / PC13 Timeliness (including punctuality)***

##### *3.3.1 National requirements*

There are no extra national requirements as regards the timeliness. Quarterly data are published with a lag of no more than one quarter.

### *3.3.2 EU and other international requirements*

DNB transmits data to the ECB and Eurostat according to the agreed deadlines and data formats. This means that monthly BOP data are made available on the 44<sup>th</sup> calendar day following the end of the reference month and quarterly BOP/IIP data on the 85<sup>th</sup> day after the reference quarter (this timeliness will improve to T+82 days as from 2017). Furthermore, DNB meets the IMF's requirements as regards the Special Data Dissemination Standard (SDDS) Plus.

## **3.4. CoPI4 Coherence and comparability / PCI4 Consistency and comparability**

### *3.4.1 Bilateral asymmetries*

DNB is a very active participant in the FDI Network which has been set up by Eurostat and the ECB to reduce bilateral asymmetries in FDI between EU countries. In the case of service trade, bilateral asymmetries are also found to be significant for the Netherlands, albeit more difficult to correct through bilateral contacts (because of confidentiality constraints hampering the exchange of micro data).

### *3.4.2 Consistency with related statistics*

The consistency between BOP/IIP data and Rest-of-the-World account is enhanced by the use of harmonised definitions (BPM6 and ESA2010). The differences that remain are closely monitored and can largely be ascribed to different sources and divergent revision timetables. This is, however, about to change as Statistics Netherlands and DNB have decided to integrate the production of BOP/IIP statistics and sectoral accounts in order to achieve full consistency in the coming years. This strategic decision entails a complete restructuring of working processes, such as the introduction of new joint reporting forms serving both BOP/IIP and national accounts needs, a single revision policy, and an overhaul of the allocation of tasks during the actual compilation process.

BOP/IIP data are not fully consistent with international trade in goods (ITG) data and international trade in services (ITS) data. The figures for goods trade in the monthly BOP are derived from monthly ITG data, but are replaced in the quarterly BOP by integrated national accounts data for goods trade. These integrated national accounts data differ from the ITG source data, as a result of reconciliation adjustments by Statistics Netherlands during the compilation. These adjustments are taken on board by DNB. Similarly, services trade in the quarterly BOP is fully consistent with services trade in the national accounts, and not with ITS source data. The figures for services trade in the monthly BOP are initially estimated and subsequently replaced by extrapolated data.

The consistency with bank's balance sheet statistics is checked before the transmission of BOP/IIP data. Differences can arise from minor methodological discrepancies and different sources, but are typically small.

### *3.4.3 "Time" and back data consistency*

The policy is to make consistent time series available to users as far back as possible. The year 2003 acts as a 'natural break' due to a fundamental change in DNB's reporting system.

#### 3.4.4 *Consistency across frequencies*

Full consistency across frequencies is guaranteed as quarterly and annual BOP/IIP data are derived by aggregating monthly data. This set up implies that reporting information received at a quarterly or yearly frequency needs to be translated into monthly data.

### 3.5. *CoP15 Accessibility and Clarity / PC15 Accessibility and Clarity*

#### 3.5.1 *Data*

A complete BOP/IIP with key items is compiled on a monthly basis, but only to fulfil international ECB and Eurostat data requirements. No monthly data are disseminated to the public at large. Quarterly BOP/IIP data are made available by transmitting the data to the ECB and Eurostat and simultaneously posting the data on the DNB website: <http://www.statistics.dnb.nl/en/balance-of-payments-and-international-investment-positions/index.jsp>

The release of new quarterly BOP/IIP data is always accompanied by a news article, see for example:

<http://www.dnb.nl/en/news/news-and-archive/statistisch-nieuws-2015/dnb323550.jsp>

#### 3.5.2 *Metadata*

Some notes on the methodology can be found accompanying the BOP/IIP tables at DNB's website. Furthermore, methodological articles are published on an ad hoc basis. See for example:

<http://www.dnb.nl/en/news/news-and-archive/statistisch-nieuws-2014/dnb315438.jsp>

For more extensive metadata, the DNB website refers to the SDDS Plus metadata published on the IMF's Dissemination Standards Bulletin Board (DSBB):

<http://dsbb.imf.org/Pages/SDDS/DQAFBase.aspx?ctycode=NLD&catcode=BOP00>