

**Quality report concerning statistics underlying the Macroeconomic Imbalance
Procedure (MIP) indicators – level 3**

**National self-assessment report on the quality of balance of payments and
international investment position statistics for Spain**

December 2024

1. INSTITUTIONAL ENVIRONMENT

1.1 cop1 Professional Independence/PC1 Professional independence

1.1.1 Legal basis

The activity of the Banco de España (BdE) is regulated by its Law of Autonomy 13/1994 which is available on the BdE website (“Related legislation” in section “About us”). Article 1 (“Nature and specific provisions”) establishes that *“the Bank is an institution under public law with its own legal personality and full public and private legal capacity. It shall pursue its activities and fulfil its objectives with autonomy from the administration, carrying out its functions as specified in this law and other legislation.”*

Aimed at generally reinforcing the institution's autonomy is also Article 25 (“Renewal and dismissal of governing bodies”) that establishes: *“The terms of office of the Governor and the Deputy Governor will have a duration of six years, and will be non-renewable for the same position”*. Besides, in the same article, the reasons for their possible dismissal are strictly specified.

Moreover, the BdE is an integral part of the European System of Central Banks (ESCB) and shall be subject to the provisions of the Treaty on European Union (“EU Treaty”) and to the Statutes of the ESCB. Specifically, the independence of the BdE is emphasized in Article 130 of the EU Treaty, and Article 7 of the Statute of the ESCB and of the ECB which stipulates 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*

There is an annual statistical work programme at the BdE which is internal only, which closely follows the requirements established by the ESCB and ESS work programmes¹².

The BdE's Institutional Report³ includes a section devoted to the BdE's statistical function, describing new plans and the progress attained in existing projects.

At national level, the National Statistical Plan (PEN, by its Spanish abbreviation), which is prepared every four years, with an annual update, and is approved by Real Decreto (Royal Decree) and published in the "Boletín Oficial del Estado" (Official State Gazette), entrusts the BdE with the compilation of following statistics (among others): Financial accounts, Balance of Payments, International Investment Position, International trade in services, Foreign Direct Investment, External Debt and International reserves and foreign currency liquidity.

1.2 CoP2 Mandate for data collection/PC2 Mandate for data collection

1.2.1 *Allocation of responsibilities*

In accordance with the National Statistics Plan, the BdE is responsible for the compilation of Balance of Payments (BOP) and International Investment Position (IIP) statistics for Spain. Nevertheless, collection of data is not always undertaken by the BdE. In particular, in the area of the current and capital accounts (with the exception of investment income) the main sources of information are under the responsibility of the National Statistics Office (INE, by its Spanish abbreviation) and the Customs Department. Compilation of current and capital accounts is made in close cooperation with the Rest of the World Account, which is under the responsibility of the INE. There is a permanent working group (WG), called WG on Balance of Payments and National Accounts, with representatives from the two institutions, whose objectives are to coordinate information exchange calendars and sources of information and methods. The WG meets at least once a year in a plenary format and subgroups are in more frequent contact for selected issues.

1.2.2 *The legal basis*

Data compilation and dissemination by the BdE are governed by:

- a) Law 12/1989, of 9 May, on the Public Statistical Function, regulates statistical activity for state purposes, under the terms envisaged in article 149.1.31 of the Constitution
- b) Law 13/1994 on the Autonomy of the BdE available on its website ("Related legislation" in section "About us"). In chapter II ("Objectives and functions"), Article 7 ("General principles"), point f: "*Compile and publish statistics related to its functions and assist the ECB in the compilation of the statistical information needed for the fulfilment of the ESCB's functions*".
- c) The National Statistical Plan (the PEN), includes among others the BOP and the IIP as national official statistics elaborated by the BdE.

¹https://www.ecb.europa.eu/stats/ecb_statistics/governance_and_quality_framework/html/index.en.html#/search/statistical%20work%20programme/8

²<https://ec.europa.eu/eurostat/web/european-statistical-system>

³<https://www.bde.es/wbe/en/publicaciones/informes-memorias-anales/informe-institucional/>

Moreover, the BdE, as member of the ESCB, is allocated the task to collect information on BOP and IIP statistics on the basis of Article 2 of Regulation Nº 2533/98.

The compilation and transmission of the BoP/IIP of the Spanish economy to the ECB and Eurostat is governed by ECB guideline (EU) 2020/1554 amending Guideline ECB/2011/23 on the statistical reporting requirements of the ECB in the field of external statistics and Council Regulation (EU) No 2533/98 of 23 November 1998.

There are no specific reporting systems for the collection of individual data for the specific purpose of compiling the BoP/IIP with the exception of data declared under Circular 1/2012 for payment Service Providers on standards for the communication of economic transactions abroad and 4/2012 rules for communication by residents in Spain of economic transactions and balances of financial assets and liabilities abroad. Data collection by the BdE for BOP/IIP is covered by the Law 19/2003 on transactions with the foreign sector; the Royal Decree 1360/2011 on reporting obligations to the BdE; and the BdE's Circulars 1/2012, 4/2012.

Spanish external positions and flows collected for other purposes are reused to compile BoP/IIP and when necessary those collections have been adapted to take into account BoP/IIP requirements thanks to the coordination with those responsible for the corresponding information collection.

1.3 CoP6 Impartiality and objectivity / PC6 Impartiality and objectivity

1.3.1 Advance release calendar

An advanced release calendar presenting the following year statistics' release date is published in October (<https://www.bde.es/webbe/en/estadisticas/calendario/calendario-difusion-estadisticas.html>).

1.3.2 Revision policy

BOP and IIP data are subject to regular revisions, in accordance with the revision calendar for data transmissions to the ECB/Eurostat.

Whenever quarterly data are firstly published (at the end of the following quarter), the data of the previous quarter are revised. Whenever the last quarter of a year is published, at the end of March, the whole year is revised. Longer revisions (with the exception of extraordinary methodological revisions, which would be communicated to users in a timely manner), to a maximum of four years, may be implemented each year at the dissemination cycle of end September in accordance with the coordinated revision policy promoted in the European Union for harmonization among countries and for Balance of Payments/International Investment Position and National Accounts. These revision cycles are similar to those of the statistics office of the European Union (Eurostat) and the European Central Bank.

a) Regular/Routine revisions. Specifically, for each year Y:

- At the end of March of year Y
 - Monthly data for January Y are disseminated for the first time and monthly data for the complete year Y-1 are revised
 - Quarterly data for Q4 of year Y-1 are disseminated and data for Q1, Q2 and Q3 of year Y-1 are revised
- At the end of June of year Y
 - Monthly data for April Y are disseminated and monthly data for Q4 of year Y-1 and for Q1 of year Y are revised
 - Quarterly data for Q1 of year Y are disseminated and data for Q4 of year Y-1 are revised
- At the end of September of year Y
 - Monthly data for July Y are disseminated and monthly data for years Y-3, Y-2 and Y-1 and for quarters Q1 and Q2 of year Y are revised
 - Quarterly data for Q2 of year Y are disseminated and data for years Y-3, Y-2 and Y-1 and for quarter Q1 of year Y are revised
- At the end of December year Y
 - Monthly data for October Y are disseminated and for Q2 and Q3 are revised
 - Quarterly data for Q3 of year Y are disseminated and for Q2 of year Y are revised

b) Regular benchmark revisions

Every five years, the whole time series are revised in the context of coordinated European benchmark revisions of the National Accounts and Balance of Payments.

In line with other macroeconomic statistics, if an exceptional revision is needed apart from these regular revisions it will take place in September.

Relevant methodological changes, are explained in the News section on the website (<https://www.bde.es/wbe/en/estadisticas/temas/estadisticas-exteriores/anuncios-estadisticas-exteriores/>). Additionally, major methodological changes, such as the Balance of Payments manual changeover, are explained and/or advanced in the press releases or by means of press notes and other specific notes posted on the website (<https://www.bde.es/webbe/es/estadisticas/temas/estadisticas-exteriores.html>).

2. STATISTICAL PROCESSES

2.1 CoP7 Sound methodology / PC7 Sound methodology

2.1.1 General remarks

Spain's BOP and IIP statistics follow the principles set out in the International Monetary Fund's (IMF) *Balance of Payments and International Investment Position Manual* (sixth edition) (hereafter, BPM6 or the Manual). The concepts and definitions included in the Manual are consistent with those included in the System of National Accounts (SNA) and in the European version of the latter, namely the European System of Accounts (ESA), ensuring that official macroeconomic statistics are consistent, and part of a harmonised common framework. Moreover, recommendations and good practices arising from European and other international expert groups are applied.

They follow the European legal framework applicable for BOP/IIP statistics (Commission Regulations 184/2005, amended by Regulation 555/2012 and ECB Guideline 2018/1151).

A detailed description of the Spanish BOP and IIP compilation system can be found at the external statistics website (https://www.bde.es/webbe/en/estadisticas/compartido/docs/notametBpPii_en.pdf) and within the metadata description of the IMF's SDDS plus: <https://dsbb.imf.org/sdds-plus/country> in accordance with the requirements of this IMF Data Initiative to which Spain promptly adhered.

Information on the sources and methodology used for the Spanish BoP and IIP can also be found on the ECB publication "*European Union Balance of Payments/ International Investment Position Statistical Methods*" and in the IMF's Balance of Payments Statistics Yearbook (BOPSY).

2.1.2 Residency

The application of residence principles in practice is in line with BPM6.

2.1.3 Institutional unit definition

Following the BPM6, a unit to be resident in a country when its "centre of predominant economic interest" is located in the economic territory of that country, that is, when there is a location, a dwelling, a production plant, or other premises in which or from which this unit engages or intends to engage (either indefinitely or over a long period of time) in economic activities and transactions on a large scale. In practice, it is suggested that permanence of one year or more in the country be used as a reference, although this is not an inflexible rule.

The economic territory of a country includes, in addition to the national territory, territorial enclaves in the rest of the world (for example, embassies, consulates or military bases). However, it does not include international organisations located in that country (they are economic territories in their own right).

2.1.4 Sectorisation & sector definition and delimitation

Institutional sectors' definition and delimitation generally follow BPM6 and SEC2010, consistently with national accounts. The items that have to be broken down by sector are compiled from microdata where the Spanish fiscal unique identification number (NIF by its Spanish abbreviation) is available, and this id is crossed with the sectorisation database of the Statistics Department of the BdE.

2.1.5 Valuation

Market prices are the basis for valuation in the international accounts. Market price is defined as the amount of money that a buyer pays (or is willing to pay) to acquire goods from a seller in a transaction entered into between independent parties (an arm's length transaction) for purely commercial reasons. Transactions should be valued at market rates prevailing at the time of the transaction. Financial asset and liability positions should be valued at the data reference date. For assets or liabilities that are not traded in financial markets, or are not traded frequently, the BPM6 allows for the use of other criteria. In the specific case of direct investment, for example, the BPM6 envisages the use of the "own funds at book value" method for valuing positions in unlisted and other equity. In the case of loans and other items under the other investment heading, which are not easily transferable, the IMF recommends using nominal value.

The Spanish BOP and IIP are compiled in euro. For conversion of transactions and stocks into currencies other than the euro, the Manual's recommendations are generally followed: that is, the use of market rates prevailing at the time of the transaction in the case of the BOP, or the data reference date in the case of the IIP. However, for some information sources, monthly average exchange rates must inevitably be used for transactions, for example, for those in which transactions are deducted from the stocks.

2.1.6 Time of recording (accrual accounting)

In the international accounts, flows should be recorded at their accrued value. This means that flows should be recorded “when economic value is created, transformed, exchanged, transferred, or extinguished”. In other words, the effects of economic events should be recorded when they occur, regardless of whether there is any settlement of related proceeds and payments and irrespective of the time when they are settled.

According to the Manual, the time of recording for transactions is as follows: a) in goods, non-produced non-financial assets and financial assets, accrual coincides with the time economic ownership of the asset is transferred; b) in services, when the services are provided, and c) primary and secondary income is recorded at the time the corresponding collection/payment claims or obligations arise. As regards other flows, other changes in the volume of assets must be recorded when they occur. Revaluations, which can occur continuously as prices and exchange rates change, are computed between two points in time at which the relevant positions are valued.

In practice, the application of the accrual principle proves difficult and costly, and therefore, it cannot always be guaranteed that, on the one hand, BOP transactions are not recorded at the time when they are settled, and, on the other, that the distinction between the changes in the IIP which relate to transactions and those which relate to other flows (only recorded in the IIP) is always accurate. However, in order to minimise possible variances, the accrual principle especially determines the selection or design of information sources and the calculation procedures used in the headings related to goods, investment income and transfers to/from the EU.

2.1.7 Coverage gaps & deviations

There are some residual coverage gaps or deviations from BPM6 in specific BOP/IIP items. It is particularly difficult to assess the coverage of data on assets held abroad by resident households in the most recent period. Securities holdings managed by non-resident custodians are directly declared by the holders. For deposits abroad they are in some cases estimated with some delay using mirror data, notably BIS statistics (the liabilities of non-resident banks vis-à-vis Spanish residents). Financial assets abroad of households are checked with administrative data from the fiscal authority with is available so with some delay.

2.2 CoP8 Appropriate Statistical procedures / PC8 Appropriate Statistical procedures

2.2.1 Main features

Monthly data (BOP) are based on monthly data collections when they are available. Data for the remaining items are produced based on quarterly or annual information. In these cases, new observations have to be predicted until the quarterly/annual data become available, and when they are available some estimations are done to obtain monthly data. This is notably the case for services other than travel and some investment income items. Other cases that could be mentioned are population and employment primary data used for personal transfers and compensation of employees. Financial transactions of other resident sectors are declared monthly when they surpass certain thresholds. Otherwise, declarations are made quarterly or even annually.

Quarterly data (BOP and IIP) relies mostly on actual collected data (data collection on a monthly or quarterly frequency), except in some cases where data are only available on an annual frequency, sometimes with a certain delay. Some items in direct investment (income, reinvested earnings and the value of stocks in the IIP) are at first partly estimated and then revised, based on actual annual balance sheet data when these become available. In the case of the IIP of other resident sectors direct investment

non-listed equity, annual primary data for stocks are combined with quarterly data on transactions to obtain quarterly stocks.

Annual data (BOP and IIP) are consistent with quarterly data and, in some cases (for which only annual data is available), more detailed than quarterly data.

Some items (such as c.i.f./f.o.b. adjustment for goods, compensation of employees, workers' remittances, social benefits, insurance) are estimated using administrative or mirror data. In most of these cases, data used are only available at quarterly or annual frequency.

2.2.2 Country specific aspects

A detailed methodological note is available at the BdE's external statistics website (https://www.bde.es/webbe/en/estadisticas/compartido/docs/notametBpPii_en.pdf). A detailed description can also be found in the SDDS plus metadata (<https://dsbb.imf.org/sdds-plus/country/ESP/category>) and in the ECB publication "European Union balance of payments/international investment position statistical methods".

3. STATISTICAL OUTPUT

3.1 CoP11 Relevance / PC11 Relevance

At national level, the Balance of Payments and Financial Accounts Division regularly receives feedback from major users of Spanish balance of payments data, such as the Economic Analysis Departments of the BdE, ministries, universities and other experts. The continuous data requests and inquiries received from different users is closely followed and considered in the statistical dissemination policy and the communication strategy.

From 2018, the Statistics Department conducts a survey to ascertain the level of satisfaction of the users and to improve the quality of their production and dissemination. The last edition took place in November 2023. Results are disseminated in the BdE's website with detail by statistical domain and, in particular, for external statistics⁴.

Besides publication in the BdE's website, BOP/IIP are transmitted to the ECB and Eurostat for the compilation of Euro Area and European Union aggregated statistics. They are also disseminated at international level in accordance with SDDS+, used for the purposes of IMF Article IV reviews, and for the EU MIP scoreboard.

3.2 CoP12 Accuracy and reliability / PC12 Accuracy and reliability (including stability)

3.2.1 Revisions

Delayed information and revisions in the data sources are the main reasons for updates of quarterly BOP data. Revisions of information source data have more impact on the estimates of capital account, portfolio and other investments (both for investment income and for financial transactions) and direct investment transactions. Direct investment income undergoes relevant revisions due to the annual frequency (and consequently late availability) of its main data source (around t+18 months).

⁴<https://www.bde.es/wbe/en/publicaciones/informacion-estadistica/notas-estadisticas/resultados-de-la-encuesta-de-satisfaccion-de-usuarios-de-las-estadisticas-delbanco-de-espana-2023-2024.html>

In September 2024, coinciding with the release of the 2024 Q2 data, the BdE published a benchmark revision of the BOP/IIP. This revision was coordinated with the revision of the National Accounts by the INE and the revision of the Financial Accounts also released by the BdE. The changes made enhanced the quality of the statistics that measure Spain's financial and non-financial linkages with the rest of the world, making them better adapted to international standards and more consistent with each other.⁵

3.2.2 Errors and omissions and integrity rules

Errors and Omissions have their origin mainly in the financial account. Considering this prominent financial nature, the relative size of Errors and Omissions appears to be very reduced (around 0.2% of IIP, mean of assets and liabilities).

Integrity rules are highly fulfilled. Consistency among frequencies, currencies, sectors, instruments, among item and sub-items of BOP and among geographical breakdowns are always reached.

3.3 CoP13 Timeliness and punctuality / PC13 Timeliness (including punctuality)

3.3.1 National requirements

The BdE disseminates an advance of balance of payments data in monthly terms 2 months after the end of the reference period. Quarterly BOP data (more detailed than the monthly advance) and IIP are published at the end of the quarter that follows that of reference. Some annual details are published in April and October. The actual publication dates are available at the following address: <https://www.bde.es/webbe/en/estadisticas/calendario/calendario-difusion-estadisticas.html>.

3.3.2 EU and other international requirements

Spain is an adherent of the Special Data Dissemination Standard (SDDS) Plus – the highest tier of the IMF's Data Standards Initiatives.

The BdE sends data to the ECB, Eurostat, BIS, OECD, UNCTAD and the IMF following the internationally agreed deadlines.

3.4 CoP14 Coherence and comparability / PC14 Consistency and comparability

3.4.1 Bilateral asymmetries

Spain participates in the FDI Network, the Asymmetry Resolution Mechanism and in the data-sharing exercises promoted by the ECB to exchange data and metadata on Real estate. Bilateral asymmetries are also followed up for remittances, among others. Other related initiatives recently launched in which Spain is also participating (or is going to participate in the very next future) are the following: Travel Workshop, Asymmetry Resolution Group (for direct investment and for international trade in services) and OECD services expert group.

⁵ For more details, see "2024 Benchmark revision of the balance of payments and international investment position of the Spanish economy", Statistical Notes. 20

(<https://www.bde.es/f/webbe/SES/Secciones/Publicaciones/PublicacionesSerizadas/NotasEstadisticas/24/nest20e.pdf>)

3.4.2 Consistency with related statistics

Data are consistent for External Debt, International Investment Position and Balance of Payments.

Consistency is guaranteed between the two statistics that are under the same methodological framework, the BoP/IIP and the National Accounts (non-financial and financial). The compilation of BoP/IIP and Financial Accounts has been organizationally integrated into the same team. Regarding the non-financial side, BdE and INE have a permanent working group that assures full coordination in the process of compilation of both statistics. Numerical consistency is absolute from the benchmark revision of 2019 for the non-financial side. On the financial side, main differences were removed in that revision and the small remaining have been reduced even more in the benchmark revision of 2024: relative differences, as a percentage of International Investment Position (IIP), have decreased from 0.7% and 0.3% for financial assets and liabilities positions⁶, respectively, to 0.05% and 0.02%⁷. Regarding financial transactions, relative differences as a percentage of IIP, have been reduced from 0.10% and 0.05% for assets and liabilities, respectively, to 0.07% and 0.02%.

Besides, consistency exercises are carried out in comparison to the following statistical domains:

- a) Foreign Trade statistics
- b) Balance Sheet Items statistics (ECB statistics based on aggregated or consolidated balance sheet of the monetary financial institutions, investment funds and insurance corporations' sectors)
- c) Foreign Direct Investment Register
- d) Securities Holdings Statistics (ECB Statistics collected on a security-by-security)

Differences between International Trade in Goods Statistics and BOP for exports/credits of goods are properly explained by methodological differences. Explanations are included in the metadata notes publicly available. The same applies for the differences between the primary statistics and the accounting framework of BOP and NA for international trade in services.

For BOP/IIP of the banking sector, sources of information are the same as for BSI, the financial statements declared to the BdE for supervisory and statistical purposes. The BdE checks BOP/IIP with money and banking statistics to solve and explain any significant discrepancy between the two datasets. BOP/IIP data transmitted to the ECB also undergo similar consistency checks with money and banking statistics at the ECB. Differences detected, when significant, are usually due to different calendars for dissemination and are solved in the regular revision process. Nevertheless, there are some inevitable methodological differences between valuation principles for portfolio holdings in BSI and in BOP/IIP.

External Debt and International Reserves are consistent with IIP. The CPIS and the CDIS are also consistent with IIP but in these cases, since the frequency of data is not the same, there could be vintage discrepancies.

Annual ITS and FDI data sent to Eurostat are consistent with BOP/IIP.

Portfolio investment and SHS rely on the same data collection and are generally consistent, except for possible differences in vintage and in holdings of instruments that do not have ISIN code.

⁶ For the period Q3 2019 to Q2 2022.

⁷ For the period Q4 2020 to Q2 2024.

<https://www.bde.es/wbe/en/estadisticas/temas/estadisticas-exteriores/anuncios-estadisticas-exteriores/>

3.5.2 *Metadata*

A general methodological note is available at the External Sector section of the BdE's website which is continuously updated. Whenever extraordinary changes take place, specific notes are posted under the same website and under statistical notes.

-Methodological note:

https://www.bde.es/webbe/en/estadisticas/compartido/docs/notametBpPii_en.pdf

-External sector website:

<https://www.bde.es/webbe/en/estadisticas/temas/estadisticas-exteriores.html>

-Statistical notes:

<https://www.bde.es/wbe/en/publicaciones/informacion-estadistica/notas-estadisticas/>

Assistance on statistics compiled and/or disseminated by the BdE can be requested by users by means of the telephone (34 91 338 5651) or by a contact form (https://app.bde.es/gnt_seg/en/contacto?a=NwbElZKVDdF0cMf6ebybP9BztpFPLW91).

The contact details are available at the BdE's website:

<https://www.bde.es/wbe/en/pie/contacto/>.