



EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 14 January 2002

**at the request of the Governor of the Nationale Bank van België/Banque Nationale de Belgique
on a draft royal decree and draft accompanying regulations on the compilation of the balance of
payments and the international investment position of Belgium**

(CON/2002/3)

1. On 13 December 2001, the European Central Bank (ECB) received a request from the Governor of the Nationale Bank van België/Banque Nationale de Belgique (NBB/BNB) for an opinion on a draft royal decree as well as accompanying regulations on the compilation of the balance of payments and the international investment position of Belgium.
2. The ECB's competence to deliver an opinion is based on the second indent of Article 105(4) of the Treaty establishing the European Community (hereinafter referred to as the "Treaty"), the second indent of Article 4(a) of the Statute of the European System of Central Banks and of the European Central Bank (hereinafter referred to as the "Statute"), and on the third and fourth indents of Article 2(1) of Council Decision 98/415/EC of 29 June 1998 on the consultation of the European Central Bank by national authorities regarding draft legislative provisions¹, as the draft texts contain provisions concerning the collection, compilation and distribution of monetary, financial, banking, payment systems and balance of payments statistics by the NBB/BNB. In accordance with the first sentence of Article 17.5 of the Rules of Procedure of the European Central Bank, this opinion has been adopted by the Governing Council of the ECB.
3. The present proposals contain provisions implementing the proposed Law "organising the compilation of the balance of payments and the international investment position of Belgium and amending the Decree Law of 6 October 1944 on exchange control and various legal provisions" on which the ECB has already issued an opinion (CON/2001/23) dated 30 August 2001.
4. The present draft royal decree and draft regulations as well as the future law all aim at adapting the 1998 regulations which entrust the Belgisch-Luxemburgs Wisselinstituut/Institut belgo-luxembourgeois du change with the task of compiling the balance of payments and international

¹ OJ L 189, 3.7.1998, p. 42.

investment position statistics of the former Belgium-Luxembourg Economic Union. Whereas the Belgisch-Luxemburgs Wisselinstituut/Institut belgo-luxembourgeois du change used to collect basic information in both Belgium and the Grand Duchy of Luxembourg, these countries have been developing a new separate legal framework for this compilation in the context of the euro area. In the case of Belgium, the former Belgisch-Luxemburgs Wisselinstituut/Institut belgo-luxembourgeois du change tasks will be taken over by the NBB/BNB. The original regulation containing the provisions regarding the mandate of the Belgisch-Luxemburgs Wisselinstituut/Institut belgo-luxembourgeois du change was commented on in 1998 by the ECB (CON/98/28). The present draft royal decree and draft regulations simply adapt the provisions of the original regulation and transfer all balance of payments and international investment position compiling activities to the NBB/BNB.

5. In addition, the draft texts submitted to the ECB contain new provisions regarding the future compilation of balance of payments and international investment position statistics. In particular, Article 2(3) of the draft royal decree is derived from Regulation (EC) No 2560/2001 of 19 December 2001 on cross-border payments in euro². Recent developments in portfolio investment collection systems are reflected in Articles 11 and 12 of the draft royal decree. These additional elements, which update the original regulation, are very much welcomed by the ECB.
6. The draft royal decree is divided into eight chapters which are explained in the accompanying explanatory memorandum. The first chapter provides definitions which are in line with those of Guideline ECB/2000/4 of 11 May 2000.
7. New features of the first chapter of the draft royal decree are (i) the more detailed geographical breakdown as regards the (non-euro area resident) issuer of securities (previously only the intra/extra euro area split was required) and (ii) the extension of the reporting population to resident (financial) intermediaries other than Monetary Financial Institutions and the clarification of their reporting obligations. Both features are welcomed by the ECB as it considers that they improve the quality and coverage of statistical information.
8. Chapters 2 to 5 of the draft royal decree specify the statistical obligations of the reporting agents. These provisions call for the following observations:
 - (i) The threshold of EUR 12,500 for the reporting of cross-border transactions, which is introduced in Article 2(3), may be read as a “simplification” threshold. Indeed, the provision as it is formulated now can be interpreted as meaning that transactions up to EUR 12,500 still have to be reported, although they need not be classified in detail nor need the identity of the resident be given. It has to be observed that Article 6(1) of the abovementioned Regulation on cross-border payments makes it mandatory, from July 2002, to exempt cross-border payments up to EUR 12,500 from any reporting obligations for balance of payments statistics. While the accompanying NBB/BNB draft

² OJ L 344, 28.12.2001, p. 13.

“règlement B1” and “règlement B2” clarify that small amounts would no longer have to be reported, the ECB takes the view that it should also be made clear in the draft royal decree that the provision concerned is an exemption threshold, and not a mere simplification threshold.

- (ii) There are several provisions of the draft royal decree (e.g. Articles 4, 19 and 22) which enable the NBB/BNB to exclude reporting agents, in part or in full, from their reporting obligations under certain conditions which would be determined by it. While the ECB supports attempts to reduce the reporting burden in the area of statistics, it recommends that such exclusion from reporting obligations should be examined by the NBB/BNB (or – in the event of a future legislative change – the competent compiler of balance of payments and international investment position statistics) in due time in a qualitative or, where relevant, quantitative way in order to determine the impact of such derogations on coverage and other quality aspects of the data.
 - (iii) Regarding the frequency of data transmission by the reporting agents, Article 6 of the draft royal decree provides that the NBB/BNB will determine the details and that the frequency of data transmission should not be lower than 10 years. It has to be observed that balance of payments and international investment position statistics are only useful when and if they contain data that are collected at rather high frequencies; in the case of surveys, the accuracy of e.g. any sampling and grossing-up procedures should be assessed against a benchmark at least once every five years. The ECB therefore strongly recommends that Article 6 be modified to provide for a higher frequency of data transmission.
 - (iv) The new provisions in the draft royal decree on the transmission of stock data to compile external positions are welcomed as they clearly relate to direct and portfolio investment (Articles 9 and 11). In the view of the ECB it would, however, be useful to clarify, in line with what is set out in the explanatory memorandum, that the data coverage relates to transactions and positions which should both be reported.
9. Chapter 6 of the draft royal decree provides for the request of supplementary information by the NBB/BNB to the reporting agents. Chapter 7, in particular Article 24(5), lays down a procedure which the NBB/BNB may follow in order to oblige reporting agents which have not complied with the reporting requirements to deliver the information. Both chapters are acknowledged by the ECB.
10. Chapter 8 of the draft royal decree deals with the entering into force of the decree. The ECB underlines the need for its retroactive entry into force with effect from 1 January 2002.
11. The six NBB/BNB draft regulations, which all implement specific measures in the field of balance of payments and international investment position statistics, do not call for any additional specific observations.

12. The ECB confirms that it has no objection to the competent national authorities making this opinion publicly available at their discretion.

Done at Frankfurt am Main on 14 January 2002.

The President of the ECB

[signed]

Willem F. DUISENBERG