



EUROPEAN CENTRAL BANK

OPINION OF THE EUROPEAN CENTRAL BANK

of 17 July 1998

at the request of the Banque Nationale de Belgique under Article 109f (6) of the Treaty establishing the European Community (the “Treaty”) and Article 5.3 of the Statute of the EMI on draft regulations laying down the mode of enforcement of certain provisions contained in the Royal Decree of 13 April 1997 on the recording of foreign payments of the Belgium-Luxembourg Economic Union and of the current account of the Kingdom of Belgium

CON/98/28

1. On 20 May 1998, the European Monetary Institute (hereinafter referred to as the “EMI”) received a request from the Banque Nationale de Belgique for an opinion on a draft Ministerial Decision (“the draft Ministerial Decision”) enacting Regulations of the Belgian Luxembourg Institute of Exchange (“the proposed Regulations”) defining the implementation modalities of certain provisions of the Royal Decree of 13 April 1997 regarding the recording of external payments of the Belgium-Luxembourg Economic Union and the current account of the Kingdom of Belgium.
2. In accordance with Article 109l (2) of the Treaty, the European Central Bank (hereinafter referred to as the “ECB”) has taken over the advisory functions of the EMI which has gone into liquidation upon the establishment of the ECB on 1 June 1998. The ECB’s competence to deliver an opinion is based on Article 1.1, third indent, of the Council Decision (93/717/EC) of 22 November 1993 on the consultation of the EMI by the authorities of the Member States on draft legislative provisions.
3. The main aim of the draft Ministerial Decision is to update the existing Regulations of the Belgian Luxembourg Institute of Exchange regarding the collection of the statistical information necessary for the production of the Balance of Payments of the Belgium-Luxembourg Economic Union and the current account of Belgium.

4. The ECB welcomes the draft Ministerial Decision since the definitions and classification principles given in the proposed Regulations are compliant with the IMF Balance of Payments Manual (5th edition) released in October 1993 and the harmonisation proposals defined by the EMI. This relates in particular to the residence criterion, the principles underlying the classification of the resident entities, and the breakdown by instruments. At the same time, the ECB would put forward the following important technical points.
5. In Regulation B3, the definitions for a “paiement avec l'étranger” and for the “pays de la contrepartie non résidente” might be confusing. It is understood that the reporting of payments between residents, which are neither to be compiled within the Balance of Payments nor in the International Investment Position, may be requested for checking purposes. Nonetheless, it should be stressed that the corresponding data must be clearly isolated from those recorded in the statistics (see neutral codes in Annex 1 to proposed Regulation B3).
6. In Annex 1 of proposed regulation B3, options are included amongst Portfolio Investment, while other derivatives are recorded in another chapter, which is not fully compliant with the agreed harmonisation proposals on derivatives and might also be confusing.
7. The classification of the Monetary Financial Institutions (hereinafter referred to as “MFIs”) is important not only due to their role in the Belgian collection system, but also for the sectoral breakdown requested for the quarterly and annual Balance of Payments and for the annual International Investment Position. The classification must comply with the List of MFIs which was released by the EMI in April 1998 and will be regularly updated. The sectoral breakdown (including the MFIs) applies to Portfolio Investment and Other Investment in the Financial Account. Moreover, the MU/non-MU split for Direct Investment abroad and for Portfolio Investment (assets and liabilities) is also a major requirement for the ECB's “monthly key items”. The ECB is pleased to note that the economic classification given in Annex 1 to the proposed Regulation B3 appears to be compliant with both requirements on sectoral breakdown and MU/non-MU split.
8. The ECB is pleased to note that the timeliness required (proposed Regulation B1, article 5 para 7, B2 article 4 para 1, B4 article 5, B5 article 5) is fully compliant with the deadlines described in the EMI report entitled “Statistical Requirements for Stage Three of Monetary Union –

Implementation Package” (July 1996) for monthly, quarterly and annual Balance of Payments as well as for the annual International Investment Position.

9. Finally, the ECB is pleased to note that the proposed Regulation B7 allows adequate verification and enforcement.

For the President of the ECB

[signed]

Christian Noyer
Vice-President