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For discussion

A New Approach to Compiling the Balance of Payments in the Netherlands

A new approach to compiling the balance of payments in the Netherlands

Erik Bieleveldt and Pim Claassen, September 2018¹

Increasing attention has been devoted to inconsistencies between the balance of payments (BOP)/international investment position (IIP) and the rest-of-the-world (ROW) account as part of the sectoral accounts. Explaining discrepancies to policymakers is challenging; and, for a variety of reasons, they were relatively large in the Netherlands. This paper summarizes the Netherlands' experience in implementing the new vision for compiling the BOP and IIP within the broader framework of the sectoral accounts and, hence, producing harmonized data. The initial experience of DNB and CBS with the new joint process is promising. If sectoral accounts and BOP/IIP like in the Netherlands are compiled by different institutions, reaching the joint goal of harmonized data requires strong (institutionalized) cooperation on every level. For the Netherlands, exploiting DNB and CBS' comparative advantages is a condition to be able to maintain the high quality of its statistics in a globalizing economy.

1. INTRODUCTION

De Nederlandsche Bank (DNB) prepared the paper "Developing a new approach to compiling the balance of payments in the Netherlands" for the October 2014 IMF BOPCOM meeting and the July 2015 ISI/IFC World Conference.² It presents a new vision for compiling the BOP, aiming for full consistency with the national accounts. The most recent revisions of the SNA2008 and BPM6 manuals were also expressly aimed at eliminating the methodological discrepancies between both macroeconomic accounting frameworks. Putting this vision into practice necessitated further intensifying the cooperation between DNB and Statistics Netherlands (CBS) and setting up a joint project, as DNB compiles the Dutch BOP, whereas CBS prepares the national accounts including the sectoral accounts.

In this follow-up paper, we set out the experiences we gained in the Netherlands in putting this vision into practice. This may help central banks and national statistical institutes with similar ideas or plans. In Europe, the ECB and Eurostat have now also assigned top priority to achieving full consistency. Section 2 summarises the main elements of the vision we developed in 2014. Section 3 describes the approach DNB and CBS adopted to put the vision into practice. Section 4 addresses in more detail the process we designed to achieve consistency between the BOP/IIP and the national accounts, and the choices which this involved. Section 5 provides insights in the timing for the publication of the results. Section 6 highlights several key agreements made between DNB and CBS, some of which were formally documented in a cooperation agreement (which is appended), to ensure that the shared objective would be achieved. Section 7 concludes this paper by presenting the key lessons from the Dutch experience and raising a number of issues for discussion.

2. MAIN ELEMENTS OF THE NEW VISION

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² Bieleveldt and Claassen, "Developing a new approach to compiling the balance of payments in the Netherlands", November 2014.

Since the most recent financial crisis, increasing attention has been devoted to inconsistencies between the BOP/IIP and the ROW account as part of the sectoral accounts. Discrepancies were hard to explain to policymakers, who were unsure which dataset to use and started doubting data quality. Inconsistencies also made it difficult for policymakers to relate the external imbalances as disclosed in the BOP and the international investment position (IIP) to internal imbalances in the various domestic sectors as disclosed in the sectoral accounts. Analyses like these are needed, for example as part of the European Commission's macroeconomic imbalances procedure. For a variety of reasons, these inconsistencies were relatively large in the Netherlands. Moreover, due to the internationalisation to which the Netherlands is sensitive as a small and open country, DNB and CBS found it exceedingly difficult to adequately express the relationship of the Netherlands with the rest of the world on an individual basis. Also, it is obvious that the quality of the BOP/IIP figures benefits from being compiled in the framework of national and financial accounts. These major factors prompted DNB and CBS in 2013 and 2014 to develop a new vision of compiling the BOP/IIP and the national accounts.

The crucial element of this vision was full consistency between the BOP/IIP and the ROW account. This would be achieved by setting up a joint DNB-CBS process chain in which the ROW account was jointly compiled, after which the BOP and the IIP were derived. As part of this process chain, DNB uses a single integrated reporting model for financial institutions, while CBS uses a single integrated reporting model for non-financial institutions as the basis of statistics on individual institutional sectors, sectoral accounts and BOP/IIP. This should put an end to inconsistencies between the sources DNB and CBS use, which was one of the causes of discrepancy. It also makes observation and the division of tasks more efficient, as DNB and CSB leverage each other's comparative advantages. CBS and DNB experts jointly integrate the various sources within the framework of the sectoral accounts to create a consistent and coherent set. DNB then converts the rest-of-the-world element (ROW account) into a BOP and an IIP.

A further element in the vision was a greater focus on quarterly data for the BOP/IIP, and less emphasis on monthly BOP data. The newly planned reporting models for the integrated process have a quarterly frequency and cover the full balance sheet of reporting agents, making them of a higher quality than the data previously requested on a monthly basis for the BOP only. Furthermore, many of these data are not published on a monthly basis, and domestic users have no real need for a monthly BOP. DNB compiles the monthly Dutch BOP for the ECB and Eurostat to use as building blocks for euro area and European Union statistics. In the future, it will do so based on available monthly sources, including the international goods trade statistics and bank reports, and estimates produced using an ARIMA X12 model. In addition, input is obtained from a new monthly security-by-security data reporting on securities issued and held by Dutch residents. Users expressed a need for data in this specific area that has a higher frequency than once every quarter.

3. APPROACH FOR PUTTING THE VISION INTO PRACTICE

In 2014, DNB and CBS launched a joint project coordinated by a steering group to achieve full consistency between the BOP/IIP and the ROW account as a part of the sectoral accounts, initially planned with effect from 1 January 2017. First of all, seven joint workflows were set up to reflect both the overall business process and its various components. Agreements were made on the division of tasks and responsibilities between DNB and CBS, and they were documented in a cooperation agreement (see also Section 6 below). In addition, the new reporting frameworks for financial and non-financial institutions were adopted, a common revision policy for the BOP/IIP and the national accounts was designed, and actions were identified that could be taken in the short

term to ensure enhanced reconciliation between BOP/IIP and sectoral accounts data. As a result, as early as in 2015, at the time of the changeover to BPM6, full reconciliation was achieved between a number of key variables in the current account of the BOP (goods and services and a number of items in primary and secondary income) and the integrated levels in the national accounts.

The time schedule was also refined. It was decided to split the project up into three implementation plateaus, which consisted of the following components:

1. Plateau 1: achieving full reconciliation between the BOP/IIP and the ROW account. In addition, CBS would transfer responsibility for most financial subsectors in the sectoral accounts to DNB.
2. Plateau 2: implementing the new shared quarterly CBS-DNB reporting framework for non-financial institutions led by CBS, and starting to use it as a source of sector statistics, BOP/IIP and sectoral accounts. DNB would also transfer its BOP/IIP observation of government agencies to CBS. In addition, DNB would launch the new monthly securities data reporting and use it as input for the various statistics, such as BOP/IIP, securities issues statistics, securities holding statistics and sector statistics, and implement the new monthly BOP process.
3. Plateau 3: launching the new quarterly DNB reporting framework for financial institutions and start to use it as a source of sector statistics, BOP/IIP and sectoral accounts. CBS would transfer responsibility for the last remaining financial subsectors (S125, S126 and S127) in the sectoral accounts to DNB.

4. SETTING UP THE JOINT PROCESS (PLATEAU 1)

The joint process that should ensure reconciliation between the BOP/IIP and the ROW account in plateau 1 was set up as follows. Both DNB and CBS compile source statistics on such factors as goods trade and services and the various institutional sectors. These also serve as sources for both the BOP/IIP and sectoral accounts. It should be noted that the BOP/IIP is no longer considered an autonomous set of source statistics but an accounting framework, just as the sectoral accounts. The source data are delivered consistently to CBS – for the sectoral accounts process – and to DNB – for the BOP/IIP process. The data submitted to DNB comprise additional details needed to compile the BOP/IIP, such as breakdowns by counterparty country and sector.

DNB experts take part in the process in which the quarterly and annual sectoral accounts, as well as the ROW account as part thereof, are integrated and determined within the CBS systems. To do so, DNB staff members specialising in financial sectors and BOP/IIP statistics formally assume roles and responsibilities in this process. These roles and responsibilities were gradually transferred from CBS to DNB for each subsector from 2016 onwards. This transfer proceeded smoothly and in good understanding, thanks to thorough preparations and a focus on the impact which it could have on the individual staff members of either organisation. It was also clear to CBS and DNB experts that the new division of tasks would benefit the quality of the statistics, which proved to be a valuable point of common interest.

After DNB and CBS have jointly determined the outcomes of the ROW account, these data are submitted to DNB. DNB processes the data further, converting them into the BOP classification and adding the extra details which are part of the BOP/IIP, while fixing the aggregate outcomes from the ROW account. Specific BOP/IIP breakdowns are added by applying the distributions from the more detailed source statistics. DNB then assesses the plausibility of the interim outcomes for the

ROW account from a BOP perspective in the functional classification (including the details added). If this should result in findings for outcomes of totals for the rest of the world, DNB experts may submit requests for adjustments to be made to the sectoral accounts process. Any adjustments made are included in a new delivery to DNB. This ensures that total transactions and positions for the Netherlands with the rest of the world always remain identical in the BOP/IIP and the ROW account. If DNB's analysis results in implausible outcomes for geographical details, while totals are plausible, DNB experts can correct this in their own systems, provided that the totals with the rest of the world remain unchanged. As a consequence, an adjustment for one country requires counterbalancing adjustments for one or more other countries.

It is important that adjustments made to the sources of the ROW account as part of the integration of the sectoral accounts are kept relatively limited to keep the accuracy of the geographical and other breakdowns in the BOP/IIP. DNB's BOP/IIP experts who participate in the integration process see to this. If there would be any indications of a significant inconsistency in the system of sectoral accounts that is related to the ROW account, this inconsistency is preferably investigated within the source statistics. When it is corrected, a new geographical breakdown is also submitted to DNB if the process allows sufficient time to do so. If not, it will result in a revision at the time of the next publication or delivery for the next quarter. Besides the functional classification, accurate country breakdowns are a major added value of the BOP and the IIP.

An essential aspect to facilitate the conversion of the ROW account into the BOP/IIP was adding a limited functional classification to CBS's sectoral accounts system. For each SNA/ESA financial instrument, an additional breakdown into direct investment, portfolio investment and "other" was added. This breakdown must be delivered by the source statistics, is included in the integration of sectoral accounts, and ultimately submitted to DNB for the purpose of compiling the BOP/IIP. DNB can subsequently break down the "other" category into the functional categories financial derivatives, official reserves and other investment (the last one being calculated as the residual component, as the other two components are known).

Once DNB has received the final outcome for the ROW account, has converted it into the BOP/IIP classification and has smoothed out any discrepancies at the detailed level, it returns to CBS a data set to which it has added breakdowns by counterparty country and sector. CBS is also required to include a certain amount of this detail in the sectoral accounts it submits to the ECB and Eurostat, so this ensures that DNB and CBS also provide consistent data at this level of detail.

A key point in preparing for data exchanges between DNB and CBS concerned coordination on the code structures to be used. DNB and CBS used their own internal code structures in their systems.³ When submitting their final products to international institutions, however, they use the similar SDMX language, which includes the internationally agreed Data Structure Definitions (DSDs) for national accounts and BOP. It was decided to also use the international DSDs as the basis for mutual data exchange. In elaborating this system, however, DNB and CBS faced annoying differences between the National Accounts DSD and the DSDs used for the BOP and Foreign Direct Investment (FDI) statistics. For example, the BOP and FDI DSD contain an additional dimension that allows descriptions of the type of transaction in the current account (imports and exports of goods, services, income, etc.), whereas the National Accounts DSD uses the "Stocks, transactions, other flows" dimension for this, which in the BOP DSD only indicates whether a position, a transaction or another movement is concerned. It was ultimately agreed that the National Accounts DSD would be used for mutual exchanges, adding the BOP DSD dimension describing functional categories. DNB subsequently converts the data received from CBS into the model of the BOP and

³ In its new statistics systems, DNB will apply the code structures used internationally for BOP and FDI DSD.

FDI DSD to deliver its data to international institutions. It is recommended that this type of discrepancies between the National Accounts DSD and the BOP DSD are eliminated in a future revision of DSD structures to facilitate reconciliation and automatic exchange of data between national compilers of national accounts and BOP.

5. TIMING OF PUBLICATION OF THE RESULTS

DNB and CBS decided that the first publication of consistent sectoral accounts and BOP/IIP was best timed to coincide with publication of the results of the five-yearly benchmark revision in 2018, which was a year later than originally scheduled. This is because it gave DNB and CBS the opportunity to revise data for preceding years at the same time. As discrepancies between BOP/IIP and the ROW account were significant, harmonising the levels of both statistics without making any adjustments for the past would cause substantial breaks in (one of) the statistics. It was therefore decided to set up a joint revision project that would identify the causes of all major inconsistencies for the 2015 revision year as well as the correct data for inclusion in both the sectoral accounts and the BOP/IIP. A small team spent around one and a half years on this. It also tried to eliminate the causes of inconsistencies for previous years as much as possible to create comparable time series, while making the data from the year 2015 onwards fully consistent.

DNB and CBS first published their harmonised data for the 2015, 2016, 2017 and 2018 Q1 periods on 22 June 2018. DNB will issue a harmonised time series of pre-2015 data later in 2018. A press conference was held to mark the publication, and coordinated news releases were issued.⁴ In accordance with their joint publication and revision policy and as a result of the joint process chain, DNB and CBS will from now on publish fully consistent BOP/IIP and sectoral accounts outcomes each quarter.⁵

DNB performed the work aimed at reconciling BOP and IIP with the ROW account simultaneously with a comprehensive overhaul of its IT environment. DNB had originally planned for the first publication of the common data to coincide with the launch of the new statistics systems, but then decided to separate the two projects and initially produce the consistent data in DNB's existing systems. Converting the outcomes for the ROW account received from CBS to a file containing adjustments that could be automatically read by DNB's existing BOP compilation system, allowed DNB to reconcile the BOP and IIP with the data from the ROW account, including the proportional distribution of integration-related differences. Although this solution required substantial additional effort and resulted in quality issues regarding some of the detailed breakdowns, separating the two processes enabled DNB and CBS to eliminate a major dependency. It allowed DNB more time to revamp its statistics systems, whose release is due to be launched in mid-2019.

⁴ See <https://www.dnb.nl/en/news/news-and-archive/Statistischnieuws2018/dnb377040.jsp>, <https://www.dnb.nl/en/news/news-and-archive/Statistischnieuws2018/dnb375960.jsp>, <https://www.cbs.nl/nl-nieuws/2018/21/revisie-nationale-rekeningen> (available in Dutch only), <https://www.cbs.nl/en-gb/corporate/2018/21/dnb-and-cbs-harmonise-macro-economic-statistics> and <https://www.cbs.nl/en-gb/corporate/2017/38/cbs-and-dnb-working-towards-univocal-figures>.

⁵ In the new revision policy that applies to the BOP/IIP and the sectoral accounts, an estimate for a new quarter always includes revisions of at least one preceding quarter. The March publication includes a revision of the whole preceding calendar year. The June publication includes revisions of two calendar years for the whole system. In addition, the time series of the financial and – if necessary – the non-financial account are updated. The new revision policy ensures that recent developments are sooner incorporated into the national accounts, whereas the BOP and the IIP, which already used to be highly up to date, place a greater focus on the continuity of time series.

6. COOPERATION BETWEEN DNB AND CBS FIRMLY INSTITUTIONALISED

As noted in Section 3 above, collaboration between DNB and CBS extends beyond plateau 1. Also the agreements for the following plateaus are documented in the formal cooperation agreement (see the annex). In the agreement, both institutions confirm their wish to leverage each other's comparative advantages and cooperate as if they were a single institution. The agreement also defines the institutional frameworks within which they can intensify their cooperation. DNB and CBS believe it is only logical to extend the collaboration once the current plateaus have been completed, given our willingness to use each other's comparative advantages and given the institutional frameworks that are now in place. For example, DNB and CBS are already planning to transfer compiling the FDI annual statistics for Eurostat and the OECD from DNB to CBS, so that it can be developed further within the latter's business statistics domain, which also includes FATS and TVA. Likewise, it could be considered to assign the role of financial derivatives transaction specialist in the sectoral accounts process to DNB in the future, similar to the role of securities transaction specialist which it currently fulfils. To do more justice to the permanent nature of the cooperation, DNB and CBS replaced the temporary project structure for plateau 1 by a permanent structure that encompasses operational, tactical and strategic meetings. A CBS-DNB chain committee has been set up, headed by a jointly funded independent CBS-DNB chain coordinator, at the tactical level. This level also includes coordination of the next plateaus. The committee coordinates both ongoing cooperation and collaboration in the overhaul of the macroeconomic statistics chain. The tactical level also concerns the agreements on formal data deliveries, with formats and timelines strictly documented for each delivery to ensure that processes are automated as much as possible.

In the light of recent debates in an international context, a few aspects of the cooperation agreement are highlighted. The first aspects relate to the competence to introduce integrated DNB/CBS reporting frameworks to the various sectors. To enable this, CBS, whose competence for collecting data is more widely scoped than that of DNB, mandated DNB under the CBS Act to collect additional data where needed, for example in the absence of an ECB Regulation. The second aspect concerns the exchange of confidential statistical data between CBS and DNB. DNB and CBS legal experts found that previous specific amendments made to the European umbrella laws (Regulations 2533/98 and 223/2009) to facilitate data exchange between national central banks and national statistical institutions offer a sufficient legal basis for the required exchange and use of confidential data. The agreement also contains provisions on non-disclosure of those data. Collaboration in this area was also facilitated by the fact that both institutions committed themselves to the same high professional standards – the ESCB's Public Commitment on European Statistics and the European Statistical System's European Statistics Code of Practice⁶. The third aspect of the cooperation agreement that enables the creation of an efficient statistics chain is the arrangement under which DNB and CBS recognise each other's international obligations and can meet them on each other's behalf. A practical example is that CBS meets DNB's data delivery requirements imposed by the ECB in the area of financial accounts and public finances. While not covered in the cooperation agreement it is also important to be pragmatic and to facilitate and promote collaboration between DNB and CBS staff at every level. This has been achieved by not only organising specific cooperation activities, but also by giving staff access to each other's offices and systems. The upshot is that people cooperate not only because it benefits statistics, but also simply because it is enjoyable, and above all because learning from each other is valuable.

⁶ See

https://www.ecb.europa.eu/stats/ecb_statistics/governance_and_quality_framework/html/escb_public_commitment_on_european_statistics.en.html and <https://ec.europa.eu/eurostat/web/quality/european-statistics-code-of-practice>.

7. CONCLUSIONS

- It is possible in practice to compile a BOP and IIP within the broader framework of the sectoral accounts and, hence, to produce harmonised data. This benefits the quality of both statistics, particularly if experts in the fields of financial sectors and BOP/IIP are also involved in the sectoral accounts process. The initial experiences of DNB and CBS with the new joint process are favourable.
- Including extra details in the ROW account facilitates the reconciliation with the BOP/IIP. This required carefully weighting the extra burden to the sectoral account process against possible quality gains and less complexity in the process of compiling the BOP/IIP. For CBS and DNB, this joint assessment resulted in the decision to incorporate a limited functional classification and some other details in the ROW account, while not including a full geographical breakdown. If sectoral accounts and BOP/IIP like in the Netherlands are compiled by different institutions, reaching the joint goal of harmonised data requires strong (institutionalised) cooperation on every level and the willingness on both sides to give up part of its independence in compiling national statistics. For the Netherlands, exploiting each other's comparative advantages is a condition to be able to maintain the high quality of its statistics in a globalising economy.
- It is important to make thorough preparations, clearly formulate plateaus and make a timely start. The Dutch experience shows that fleshing out and implementing business processes can take up to four years. If a decision is made to improve quarterly data based on an integrated quarterly process that relies on more comprehensive quarterly sources, this may also necessitate a revision of the monthly processes in place.
- The BOP and IIP can be reconciled with sectoral accounts without major IT investments, by modifying tasks and business processes. Modification of business processes generates important experiences and expertise that can be used if new systems are developed. That said, transferring knowledge and tasks requires time investment from staff on both sides.
- It is also important that practical matters are taken care of, such as access to each other's work stations and systems. European regulations allow sufficient scope for making practical arrangements on the exchange of confidential data. Attention should be expressly devoted to the human aspects of collaboration. Apart from acknowledging the added value, staff members should also enjoy working together, transferring tasks and learning from each other.

QUESTIONS FOR THE COMMITTEE:

- 1) *Do Committee members acknowledge the increasing importance of the BOP/IIP being fully in line with the sectoral accounts, also with a view to the recommendations under the G20 Data Gaps Initiative that countries should set up a system of sectoral accounts?*
- 2) *Are Committee members of the view that, where possible, compiling the BOP/IIP in a fully integrated framework of national and financial accounts could benefit the quality of the BOP/IIP, in particular in light of the challenges posed by increased globalisation?*
- 3) *What practical, institutional and legal barriers to achieving full consistency do BOP compilers in other countries face and what is needed for these to be overcome?*

CBS-DNB Cooperation Agreement on the joint production and publication of statistics

THE UNDERSIGNED,

Statistics Netherlands (*Centraal Bureau voor de Statistiek*), having its registered office at Henri Faasdreef 312, 2492 JP The Hague, the Netherlands, referred to below as *CBS*, lawfully represented for the present purpose by

Name: Dr Tjark Tjin-A-Tsoi

Position: Director general of statistics

AND

De Nederlandsche Bank N.V., having its registered office at Westeinde 1, 1017 ZN Amsterdam, the Netherlands, referred to below as *DNB*, lawfully represented for the present purpose by

Name: Prof. Job Swank

Position: Executive Director

(also referred to below as *the party* or *the other party* individually, and *the parties* jointly)

WHEREAS:

- I. CBS and DNB must comply with international delivery obligations to Eurostat and the European Central Bank (ECB) and these obligations are highly correlated;
- II. based on their individual statutory tasks and powers, CBS and DNB each collect data from financial and non-financial institutions and other entities for statistical purposes;
- III. pursuant to relevant European legislation (in particular Regulations (EC) No 223/2009 and No 2533/98), CBS and DNB must cooperate closely in compiling the statistics that are governed by this legislation, acting in conformity with the European Statistics Code of Practice of the European Statistical System (ESS) and the Public Commitment on European Statistics of the European System of Central Banks (ESCB), which are fully harmonised;
- IV. with a view to reducing the administrative burden on businesses, setting up an efficient process chain and improving the quality of their statistics, CBS and DNB wish to cooperate as if they were a single institution, leveraging each other's comparative advantages;
- V. the purpose of the cooperation between CBS and DNB is to prepare a comprehensive system of accounts and related statistics, including in relation to supply and use tables (SUT), structural business statistics (SBS) and government accounts, in accordance with ESA 2010 (as defined below), and to prepare the balance of payments and international investment position (IIP) and related statistics, including in relation to foreign direct investment (FDI), in accordance with applicable European requirements (as defined below);
- VI. by cooperating, CBS and DNB seek to create a permanent structure for the mutual delivery of statistical information, which will enable them to comply with their obligations to deliver statistics to the Commission (Eurostat) and the ECB by the specified deadlines as efficiently as possible;
- VII. DNB must also be able to use statistical information to prepare analyses on its own responsibility, including within the framework of financial stability, in respect of which it also has sole authority to collect data, for instance pursuant to the Bank Act 1998 (*Bankwet 1998*);
- VIII. in publishing statistics, CBS and DNB apply the single figure principle, which means that they publish consistent statistics if the purposes of these statistics are identical;
- IX. the parties align their enforcement policies on the imposition of orders subject to penalty and administrative fines in respect of their collection of data for the sector accounts, balance of payments, international investment position and related statistics;
- X. for the purpose of their cooperation as described above, the parties entered into a cooperation agreement on 23 January 2006;
- XI. since their conclusion of the aforesaid cooperation agreement, a number of developments have taken place that have prompted CBS and DNB to revise that agreement, in particular the publication of new European legislation and mutually consistent international guidelines for sector accounts (ESA 2010) and balance of payments and IIP statistics (BPM6), and the increased importance of consistency between these statistics, which is related among other things to the inclusion of relevant indicators in the macroeconomic scoreboard that forms part of the European Commission's macroeconomic imbalances procedure (MIP);
- XII. since that time, new legislation has come into force governing securities holdings statistics, requiring the delivery to the ECB of data on a security-by-security basis compiled using the Centralised Securities Database (CSDB) of the ESCB;
- XIII. the parties made new arrangements to reinforce their cooperation with a view to achieving complete concordance between the balance of payments and IIP statistics of the Netherlands compiled by DNB and the rest-of-the-world account compiled by CBS as part of the sector accounts;

- XIV. the parties intend to reallocate the collection of data from institutions between them, which will help prevent double submission requests and allow them to benefit from each other's comparative advantages (DNB has expert knowledge of financial institutions and CBS does of all other sectors); and
- XV. the parties wish to lay down their arrangements in respect of their cooperation in this Agreement, which will replace the cooperation agreement of 23 January 2006.

HEREBY AGREE AS FOLLOWS:

1. DEFINITIONS

- 1.1. In this Agreement, the following definitions apply:
- a. *CBS*: Statistics Netherlands (*Centraal Bureau voor de Statistiek*);
 - b. *DNB*: De Nederlandsche Bank N.V.;
 - c. *ECB*: the European Central Bank;
 - d. *ESA 2010*: the revised European System of Accounts set up by Regulation (EU) No 549/2013⁷ of the European Parliament and of the Council of the European Union of 21 May 2013 on the European system of national and regional accounts in the European Union;
 - e. *Regulation (EC) No 2533/98*: Regulation (EC) No 2533/98⁸ of the Council of the European Union of 23 November 1998 concerning the collection of statistical information by the European Central Bank;
 - f. *Regulation (EC) No 223/2009*: Regulation (EC) No 223/2009⁹ of the European Parliament and of the Council of the European Union of 11 March 2009 on European statistics;
 - g. *Regulation (EC) No 1161/2005*: Regulation (EC) No 1161/2005¹⁰ of the European Parliament and of the Council of the European Union of 6 July 2005 on the compilation of quarterly non-financial accounts by institutional sector;
 - h. *balance of payments and IIP statistics*: the balance of payments and international investment position statistics, guidelines for which are laid down in BPM6 and in European legislation;
 - i. *BPM6*: the sixth edition of the Balance of Payments and International Investment Position Manual of the International Monetary Fund, containing internationally used guidelines for the compilation of balance of payments and IIP statistics;
 - j. *Regulation (EC) No 184/2005*: Regulation (EC) No 184/2005¹¹ of the European Parliament and of the Council of the European Union of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment, as amended by Regulation (EU) 2016/1013¹² of the European Parliament and of the Council of the European Union of 8 June 2016;
 - k. *Guideline on balance of payments*: Guideline of the ECB of 9 December 2011 on the statistical reporting requirements of the ECB in the field of external statistics (ECB/2011/23),¹³ as amended by Guideline of the ECB of 30 July 2013 (ECB/2013/25)¹⁴ and Guideline (EU) 2016/231 of the ECB of 26 November 2015 (ECB/2015/39)¹⁵;

⁷ OJ L 174 of 26 June 2013

⁸ OJ L 318 of 27 November 1998, as amended by OJ L 64 of 7 March 2015

⁹ OJ L 87 of 31 March 2009, as amended by OJ L 123 of 19 May 2015

¹⁰ OJ L 191 of 22 July 2005

¹¹ OJ L 35 of 8 February 2005

¹² OJ L 171 of 29 June 2016

¹³ OJ L 65 of 3 March 2012

¹⁴ OJ L 247 of 18 September 2013

¹⁵ OJ L 41 of 18 February 2016

- l. *EAA Guideline*: Guideline of the ECB of 25 July 2013 on the statistical reporting requirements of the European Central Bank in the field of quarterly financial accounts (ECB/2013/24),¹⁶ as amended by Guideline (EU) 2016/66 of the ECB of 26 November 2015 (ECB/2015/40)¹⁷;
- m. *GFS Guideline*: Guideline of the ECB of 25 July 2013 on government finance statistics (ECB/2013/23),¹⁸ as amended by Guideline of the ECB of 3 June 2014 (ECB/2014/21)¹⁹;
- n. *Regulation (EU) No 1011/2012*: Regulation (EU) No 1011/2012 of the ECB of 17 October 2012 concerning statistics on holdings of securities (ECB/2012/24)²⁰, as amended by Regulation (EU) 2015/730 of the ECB of 16 April 2015 (ECB/2015/18)²¹ and Regulation (EU) 2016/1384 of the ECB of 2 August 2016 (ECB/2016/22)²²;
- o. *SHS Guideline*: Guideline of the ECB of 22 March 2013 concerning statistics on holdings of securities (ECB/2013/7)²³, as amended by Guideline (EU) 2015/948 of the ECB of 16 April 2015 (ECB/2015/19)²⁴ and Guideline (EU) 2016/1386 of the ECB of 2 August 2016 (ECB/2016/23)²⁵;
- p. *EDP Regulation*: Council Regulation (EC) No 479/2009 of 25 May 2009 on the application of the Protocol on the excessive deficit procedure annexed to the Treaty establishing the European Community²⁶;
- q. *MGDD*: Manual on Government Deficit and Debt, Implementation of ESA 2010, 2014 edition;
- r. *MoU between Eurostat and the ECB on quality assurance of statistics*: Memorandum of Understanding between Eurostat and the ECB/Directorate General Statistics on the quality assurance of statistics underlying the Macroeconomic Imbalances Procedure of 7 November 2016;
- s. *sectors and subsectors*: the various institutional sectors and subsectors referred to in Chapter 2 of ESA 2010, and the applicable ESA codes;
- t. *sector accounts*: the quarterly and annual financial accounts and balance sheets (*FA & BS*) and non-financial accounts (*NFA*) of the sectors and subsectors;
- u. *Q1, Q2, Q3 and Q4, respectively*: the first, second, third and fourth quarter, *respectively* of the relevant calendar year;
- v. *Mandating Decision*: the 2016 Mandating Decision on DNB-CBS cooperation²⁷;
- w. *related statistics*: the statistics related to a comprehensive system of accounts, including in relation to supply and use tables (SUT) and structural business statistics (SBS), and the statistics related to the balance of payments and IIP, including in relation to foreign direct investment (FDI);
- x. *micro-data*: statistical information on an individual institution subject to reporting requirements or any other natural person, legal entity, body or branch office;
- y. *FCA*: further cooperation agreement between CBS and DNB, the document that elaborates the arrangements laid down in the Cooperation Agreement and that is updated each year.

¹⁶ OJ L 2 of 7 January 2014

¹⁷ OJ L 14 of 21 January 2016

¹⁸ OJ L 57 of 7 January 2014

¹⁹ OJ L 267 of 6 September 2014

²⁰ OJ L 305 of 1 November 2012

²¹ OJ L 116 of 7 May 2015

²² OJ L 222 of 17 August 2016

²³ OJ L 125 of 7 May 2013

²⁴ OJ L 157 of 19 June 2015

²⁵ OJ L 222 of 17 August 2016

²⁶ OJ L 145 of 10 June 2009

²⁷ Published in the Dutch Government Gazette (*Staatscourant*) on 4 March 2016, No 11832; attached to this Agreement as Annex 1.

2. COOPERATION BETWEEN THE PARTIES

- 2.1. The parties cooperate for the purpose of preparing a comprehensive system of accounts in accordance with ESA 2010 (the sector accounts) and the balance of payments and international investment position of the Netherlands with a view to aligning them, and, to the extent relevant, compiling the related statistics.
- 2.2. The cooperation between the parties referred to in Article 2.1 safeguards a permanent structure for the mutual delivery of statistical information, which will enable them to comply with their statistical reporting commitments to the Commission (Eurostat) and the ECB by the specified deadlines.
- 2.3. The cooperation also covers other areas, the arrangements for which are elaborated in the FCA. These areas include loan-level data, AnaCredit, SDDS Plus, and the macroeconomic scoreboard.

3. RESPONSIBILITIES OF THE PARTIES FOR THE COLLECTION OF SOURCE INFORMATION FROM THE VARIOUS SECTORS AND SUBSECTORS

- 3.1. CBS is responsible for collecting data (source information) for the comprehensive system of accounts (both *FA & BS* and *NFA*) and the balance of payments and IIP, including other unrelated and related statistics, for the sectors and subsectors listed below:
 - a. the non-financial corporations sector (S.11), including institutional units in subsector S.127 that are closely related to this sector as specified in detail in the FCA (this is an observation performed by CBS using the logos of both CBS and DNB);
 - b. the general government sector (S.13), including all subsectors; and
 - c. the households (S.14) and non-profit institutions serving households (S.15) sectors.
- 3.2. CBS is responsible for collecting data (source information) on international trade in goods and services, excluding services of monetary financial institutions (MFIs) and special purpose entities (SPEs).
- 3.3. DNB is responsible for collecting data (source information) for the sector accounts (both *FA & BS* and *NFA*) and the balance of payments and IIP, including other unrelated and related statistics, for all subsectors (S.121 to S.129) in the financial corporations sector, excluding institutional units in subsector S.127 that are closely related to sector S.11 as specified in detail in the FCA.
- 3.4. DNB is responsible for collecting data (source information) concerning securities transactions and positions for the sector accounts (both *FA & BS* and *NFA*), for the balance of payments and IIP, and for statistics concerning holdings and issuances of securities for all individual sectors and subsectors.
- 3.5. DNB collects data concerning securities holdings by households and non-profit institutions serving households (sectors S.14 and S.15) via indirect observations at central securities depositories. The parties may decide by agreement to also indirectly observe the securities holdings of specific other parties in the future.
- 3.6. The party collecting data (source information) for a specific sector or subsector is also responsible for managing the population and classifying the institutional units of that sector or subsector. The parties coordinate the allocation of units to specific sectors. Population consistency is ensured within the parties' respective registers.

- 3.7. The party collecting data (source information) for a specific sector or subsector consults with the other party on the set-up, nature and scope of the data collection. The determining factor in this context is that they must enable compliance with the information requirements and quality standards set by Eurostat or the ECB.
- 3.8. In collecting data for the various sectors and subsectors, the parties take as much account as possible of statistical requirements in terms of the related statistics, to the extent that these directly overlap with data submission requests for the financial accounts and balance sheets (*FA & BS*) and the non-financial accounts (*NFA*).

4. DATA COLLECTION BY DNB UNDER THE MANDATING DECISION

- 4.1. Under the Mandating Decision, the director general of statistics mandates DNB to collect data from financial institutions that are material to the preparation of the sector accounts and other unrelated and related statistics. DNB and CBS decide by agreement on the collection strategy for the sectors and subsectors from which they each collect data and must transparently document their methods for collecting and processing these data.

5. PROCESSING OF COLLECTED DATA (SOURCE MATERIALS) INTO STATISTICS

- 5.1. DNB prepares the quarterly and annual financial accounts and balance sheets (*FA & BS*) and non-financial accounts (*NFA*) for all subsectors in S.12 in accordance with ESA 2010, excluding the non-financial accounts (*NFA*) of S.128 and S.129. These are non-integrated statistics. DNB also prepares the securities statistics that serve as a source for the sector accounts (*FA & BS* and *NFA*), balance of payments and IIP for all sectors.
- 5.2. DNB is authorised to use the source materials it collected under the Mandating Decision for the financial accounts and balance sheets (*FA & BS*) and the non-financial accounts (*NFA*) to prepare analyses and to compile and publish substatistics on its own responsibility, including within the framework of financial stability.
- 5.3. CBS prepares the financial accounts and balance sheets (*FA & BS*) and the non-financial accounts (*NFA*) for sectors S.11, S.13, S.14 and S.15 and compiles the government finance statistics in conformity with the EDP Regulation and the MGDD. CBS also prepares the non-financial accounts (*NFA*) for sectors S.128 and S.129.
- 5.4. CBS is ultimately responsible for the preparation of the sector accounts in their entirety, while DNB is responsible for preparing the balance of payments and IIP (all integrated statistics). In the sector account preparation process, DNB sector experts act as sector specialists and project managers for all subsectors in S.12 (excluding the *NFA* of S.128 and S.129) and for S.2. The rest-of-the-world (S.2) account adopted in the joint process establishes the totals of the balance of payments and IIP and is further processed by DNB into a full balance of payments and IIP (with a complete functional categorisation, geography and other breakdowns).
- 5.5. DNB is also responsible for preparing the Dutch monthly balance of payments, whose initial

preparation incorporates the information on international trade in goods collected by CBS on a monthly basis (as referred to in Article 3.2).

- 5.6. The processes for the preparation of the financial accounts and balance sheets (*FA & BS*), the non-financial accounts (*NFA*) and the balance of payments and IIP referred to in Articles 5.1, 5.3 and 5.4 are transparently documented so as to enable compliance with the relevant requirements of the ECB and Eurostat. The parties also comply with their jointly adopted accountability and transparency requirements for the process of preparing the balance of payments and sector accounts.

6. EXCHANGE OF DATA BETWEEN THE PARTIES AND ACCESS

- 6.1. The parties exchange data for the purpose of preparing the sector accounts and the balance of payments and IIP, including the data referred to in Articles 3.1, 3.2, 5.1, 5.5 and the rest-of-the-world account referred to in Article 5.4. These exchanges are specified in detail in the FCA.
- 6.2. The parties also exchange micro-data. The exchange of micro-data between the ESCB (DNB) and the ESS (CBS) is permitted on the grounds of:
- a. Article 8.4b of Regulation (EC) 2533/98 concerning the collection of statistical information by the European Central Bank;
 - b. Article 21 of Regulation (EC) 223/2009 of the European Parliament and of the Council on European statistics.
- 6.3. On request or on their own initiative, CBS and DNB provide explanatory notes to the figures with their mutual deliveries. Where applicable, the FCA provides specifications for individual deliveries.
- 6.4. If necessary for the preparation of the sector accounts and the balance of payments, DNB and CBS staff have access to each other's physical workstations in conformity with the policy rules in place.

7. NON-DISCLOSURE AND PUBLICATIONS

- 7.1. Micro-data are confidential and must not be disclosed to third parties unless disclosure is permitted under Regulations (EC) No 2533/98 and No 223/2009.
- 7.2. Data that DNB and CBS mutually exchange are used exclusively for purposes permitted under Regulations (EC) No 2533/98 and No 223/2009.
- 7.3. In their exchange of micro-data, the parties must comply with the applicable provisions on non-disclosure of these data ensuing from national and European regulations.
- 7.4. Without prejudice to the provisions of Articles 7.1 and 7.2 of this Agreement, the parties undertake to maintain the confidentiality of all information made known or available to them in the performance of this Agreement and to refrain from disclosing or providing this information to others in any way.
- 7.5. Only the party ultimately responsible for specific statistics is authorised to issue news and other reports on their publication at the time of publication. DNB is ultimately responsible for statistics on sector S.12, securities statistics, and the balance of payments and IIP. CBS is ultimately responsible for statistics on sectors S.11, S.13, S.14 and S.15, and the sector accounts. Derogations from the foregoing must be decided by agreement.

- 7.6. If either CBS or DNB publishes statistics for which the other party is ultimately responsible, (1) it must not do so before the responsible party has published them first, (2) it must ensure that the published data are identical to the data published by the party responsible for their publication, and (3) it must at all times state the source.
- 7.7. As a rule, all external questions concerning statistics that DNB and CBS receive must be answered by the party responsible for them, if necessary after consulting the other party if it collected the data.
- 7.8. If CBS or DNB detects a security incident or actual or potential data leak possibly involving personal data or confidential micro-data, it must take all reasonably required measures to resolve the incident or close the data leak, to limit any loss or damage to the extent possible, and to prevent the issue from reoccurring. CBS and DNB undertake to consult each other without delay.

8. DELIVERY OF THE SECTOR ACCOUNTS TO EUROSTAT AND THE ECB

- 8.1. CBS delivers the financial accounts and government finance statistics directly to the ECB, in conformity with the conditions and deadlines set by the ECB. DNB hereby grants CBS the required authorisation. CBS simultaneously delivers the financial accounts and government finance statistics to DNB. The arrangements for these deliveries are elaborated in the FCA. CBS also delivers the financial and non-financial accounts to Eurostat.
- 8.2. CBS must ensure that the deliveries referred to in Article 8.1 of this Agreement are accompanied by readily available explanatory information on major events and reasons for revisions as referred to in Article 2.7 of the EAA Guideline and Article 2.6 of the GFS Guideline, insofar as necessary after consulting DNB.
- 8.3. DNB hereby authorises CBS to provide supplementary (non-mandatory) details in the ECB's data requirements to the extent that these data requirements ensue from or relate to the ECB's data request based on the EAA Guideline or the GFS Guideline. CBS must comply with the ECB's requests of this nature in consultation with DNB.

9. IMPLEMENTATION

- 9.1. CBS and DNB cooperate with a view to ensuring that:
 - a. effective from June 2018, the data on the balance of payments/IIP published by DNB and the data on the rest-of-the-world account published by CBS are fully consistent in respect of data for the 2015, 2016, 2017 and 2018-Q1 reference periods and beyond;
 - b. effective from 2019-Q1, CBS opens a new observation for the non-financial corporations sector (S.11, *FA & BS* and *NFA*) that also covers data submission requests for the balance of payments and IIP and other unrelated and related statistics;
 - c. DNB opens a new monthly observation of securities transactions and positions for all domestic sectors effective from 2019-M1 and, effective from 2020-Q1, a new quarterly observation for the subsectors in the financial corporations sector (S.12, *FA & BS* and *NFA*, excluding S.121, S.122 and S.123, for which the current monthly observation will be largely preserved), which also cover data submission requests for the sector accounts and other unrelated and related statistics.
- 9.2. To achieve the objectives set out in Article 9.1, the parties have agreed a platform planning, which also comprises detailing and implementing contingency plans.

- 9.3. CBS and DNB have agreed to set up a governance structure to manage their cooperation, which provides for regular consultations between the parties and in which strategic, tactical and operational decisions will be taken. It also comprises the adequate set-up of cross-sectoral consultations and chain control. Further details will be included in the FCA.

10. PARTICIPATION IN EUROPEAN WORKING GROUPS

- 10.1. CBS and DNB participate in the relevant ESS and ESCB working groups. If and insofar as these working groups allow more than one representative per country, DNB and CBS have the option of delegating one representative each. The parties' participation in the various working groups is recorded in the FCA. To the extent relevant, CBS and DNB undertake to discuss and coordinate the positions they will adopt at meetings in advance.
- 10.2. DNB and CBS undertake to notify and consult each other in good time in the event of new or imminent amendments to guidelines by the ECB or Eurostat or other relevant developments in relation to the financial accounts and balance sheets (*FA & BS*) and non-financial accounts (*NFA*), the balance of payments and IIP, source information and other unrelated and related statistics, and to coordinate the positions they will adopt on these topics in the ECB's Statistics Committee and in Eurostat's Directors of Macroeconomic Statistics, Business Statistics Directors' Group and European Statistical System Committee.

11. COMMITMENT TO INTERNATIONAL OBLIGATIONS

- 11.1. CBS and DNB commit themselves to their international obligations in relation to the sector accounts, balance of payments and IIP and also, to the extent there is a direct overlap with the data submission requests for the purpose of these statistics, in relation to other unrelated or related statistics, irrespective of whether these international obligations are imposed by the ECB, Eurostat or other international institutions.
- 11.2. CBS and DNB hereby acknowledge the quality frameworks applicable to these statistics in the same way as Eurostat and the ECB have acknowledged the quality frameworks used within the ESCB and the ESS in their MoU on quality assurance of statistics.

12. OTHER ARRANGEMENTS

- 12.1. With respect to its imposition of orders subject to penalty and administrative fines on natural persons or legal entities for non-compliance with the reporting requirements under the Statistics Netherlands Act (*Wet op het Bureau voor de statistiek*) (based on the Mandating Decision) and under the 1994 External Financial Relations Act (*Wet financiële betrekkingen buitenland 1994*), also with a view to preventing double sanctioning, DNB will apply the sanctioning policy it formulated for the purpose of applying the 1994 External Financial Relations Act. If a natural person or legal entity has failed to comply only with its reporting requirements under the Statistics Netherlands Act, based on the Mandating Decision DNB will apply Statistics Netherlands' sanctioning policy in imposing an order subject to penalty or an administrative fine for the relevant violation. As the costs that DNB must incur to discharge the duties delegated to it under the Mandating Decision are expected to outweigh the proceeds from the penalties and administrative fines it receives, to the extent imposed for non-

compliance with the Statistics Netherlands Act, DNB does not settle these proceeds and costs with CBS.

- 12.2. The arrangements documented in this Agreement will be elaborated in an FCA, which will be updated each year and adopted jointly by CBS and DNB.

13. EVALUATION OF THIS AGREEMENT

- 13.1. The annual update of the FCA or major developments in terms of the cooperation may prompt the parties to evaluate and amend this Agreement.

14. TERM OF THIS AGREEMENT

- 14.1. This Agreement is entered into for an indefinite period of time and can be terminated by giving notice only for compelling reasons. The notice period to be observed must be sufficiently ample to guarantee the continuity of the international deliveries.
- 14.2. If appropriate, the data exchanged between the parties may be used for statistical purposes after the termination referred to in Article 14.1 of this Agreement, subject to the provisions of Article 7 of this Agreement.

15. EFFECTIVE DATE AND OFFICIAL TITLE

- 15.1. This Agreement takes effect immediately upon being signed by the parties, replacing the cooperation agreement the parties entered into on 23 January 2006.
- 15.2. This Agreement must be cited as: 2017 CBS-DNB Cooperation Agreement.

AGREED AND SIGNED IN DUPLICATE,

Amsterdam, 18 September 2017

Statistics Netherlands

De Nederlandsche Bank N.V.

Dr Tjark Tjin-A-Tsoi
Director general of statistics

Prof. Job Swank
Executive Director

ANNEX 1 [not included]: 2016 Mandating Decision on DNB-CBS cooperation (Dutch Government Gazette 2016, No 11832)