

This metadata describes the compilation practices, sources and methodology in use in 2003. Please refer to the contact person below for details of any changes that may have been introduced by the country since that time.

Belgium:

Direct Investment Compilation Practices, Data Sources and Methodology

Mr. Roger De Boeck
Head of Unit
Balance of Payments Division
General Statistics Department
National Bank of Belgium
Boulevard de Berlaimont 14
B-1000 Brussels
Belgium

Telephone: (32-2) 221-4733
Fax: (32-2) 221-3144
E-mail: roger.deboeck@nbb.be

Direct Investment in Belgium

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

Direct Investment Abroad

- **Balance of Payments (“Transactions Data”)**
- **International Investment Position (“Position Data”)**

DIRECT INVESTMENT IN BELGIUM

BALANCE OF PAYMENTS (“INWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable monthly data are compiled by the National Bank of Belgium (NBB) within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These monthly data are disseminated with a timeliness of up to 24 weeks after the end of the reference month in the quarterly NBB publication *Statistical Bulletin* and on the NBB website <http://www.nbb.be>. The data (quarterly rather than monthly) are also reported to the IMF and to the OECD for publication.

Revision Practices

The data are preliminary when first released. The monthly data are revised each quarter to take account of more accurate source data and are disseminated quarterly together with the preliminary monthly data for the latest quarter. The data are considered to be final 33 months after the end of the reference year, that is, up to 38 months after their first release, depending on the month.

The revised status of the data is not clearly identified in the disseminated data, and the general public are not informed of the reasons for the revisions. The historical data are revised back a maximum of 3 years in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF and OECD for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF and OECD for publication.

Data Collection Method

The data are collected on an individual transactions basis. However, there are plans to change the data collection method to an aggregate basis in the future. The reporting requirements are compulsory.

Data Sources

The data for all components except reinvested earnings are compiled primarily from an international transactions reporting system (ITRS), which covers (i) cash transactions made through the domestic banking system, (ii) cash transactions made through the foreign bank accounts of enterprises, and (iii) noncash transactions. An annual enterprise survey of direct investment enterprises is used to estimate the reinvested earnings, and is also used as secondary data source for the other components of the inward direct investment transactions data.. Press reports, and the published reports of resident companies are also used for cross-checking the data.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF and OECD for publication.

A business register of enterprises involved in direct investment is used to compile the inward direct investment transactions data. The register is maintained by the NBB and is updated on an annual basis using information from (i) the ITRS's list of transactors, (ii) a register maintained by other departments within the NBB, (iii) the financial press, and (iv) compulsory direct investment surveys. The same business register is used to compile

the inward direct investment transactions and position data, and the outward direct investment transactions and position data.

Geographic Classification

Annual (calendar year) data showing breakdowns by country for the direct investment income and direct investment financial flows data are compiled by the NBB with a timeliness of 9 months after the end of the reference period. These data are not disseminated but are available on request. The data showing country breakdowns for both the direct investment financial flows and direct investment income are also reported to the OECD and Eurostat. The data cover 65 countries and bilateral data are not used in the compilation of the data.

The transactor principle, rather than the debtor/creditor principle, is primarily used as the basis for the geographic allocation of the data. However, for the data on equity capital supplementary information on major transactions is requested, which enables those transactions to be reclassified on the debtor/creditor principle. The five countries with the largest amount of direct investment income from investment in Belgium during 2003 (ranked in descending order) were: France, the United States, the Netherlands, Germany, and the United Kingdom. The five countries with the largest amount of direct investment financial flows into Belgium during 2003 (ranked in descending order) were: Luxembourg, Germany the Netherlands, France, and the United States.

In addition to the data showing country breakdowns, annual data are compiled by the NBB showing breakdowns of both the direct investment income and direct investment financial flows for various regions/economic zones, including the following: (i) the EU15, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) the ASEAN countries, (vii) the OPEC countries. These data are not disseminated but are available on request with a timeliness of 9 months after the end of the reference period. The data are also reported to the OECD and Eurostat.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing geographic breakdowns made available on request and the aggregate inward data on direct investment income and direct investment financial flows reported to the IMF and OECD for publication.

Industrial Classification

Annual (calendar year) data showing breakdowns by industrial activity for direct investment financial flows are compiled by the NBB with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request. The data showing breakdowns by industrial activity for both the direct investment financial flows are also reported to the OECD and Eurostat. The data show a breakdown for 52 industrial activities. The classification used is NACE, Revision 1, which broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing breakdowns by industrial activity for the direct investment income are not compiled

The data on direct investment financial flows are classified on the basis of the industrial activity of the resident direct investment enterprises. The five industrial activities with the largest amount of direct investment financial flows into Belgium during 2003 (in descending order) were: (i) real estate and business activities, (ii) transport and communication, (iii) manufacturing, (iv) electricity, gas, and water, and (v) trade and repairs.

In addition, annual data compiled by the NBB for the direct investment financial flows data showing a breakdown by both industrial activity and region/economic zone with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request. The data are also reported to the OECD and Eurostat.

Annual data are compiled by the NBB for the direct investment financial flows data showing a breakdown by both industrial activity and main partner country with a timeliness of 9 months after the end of the reference period. These data are not disseminated and are not available on request.

There are no differences in the data coverage, sources, etc. between the inward transactions data showing industrial activity breakdowns made available on request and the aggregate inward data on direct investment financial flows reported to the IMF and OECD for publication.

B. Methodology

Definition of Direct Investment Enterprises in Belgium

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Belgium is 10 percent ownership by a nonresident investor. In accordance with the international standards, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included. Contrary to the international standards, (i) enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management, as evidenced by the treatment of the relationship as stated in the balance sheet of the enterprise, are also included, and (ii) the 10 percent ownership is calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country, rather than being based on the ownership of each individual nonresident investor or group of related nonresident investors. A value threshold is used to identify resident direct investment enterprises, namely, total assets or liabilities of 25 million Euro, plus total equity of 10 million Euro, plus financial assets of 5 million Euro. Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The "Fully Consolidated System" (FCS) recommended in the international standards is partially applied. Contrary to the FCS, the direct investment earnings data do not include the relevant share of all indirectly-owned direct investment enterprises. In accordance with the FCS, the direct investment financial flows data include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Belgium are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, but are not required by law to identify all transactions with the parent company.

Measurement of Direct Investment Earnings

Contrary to the international standards, the "Current Operating Performance Concept" (COPC) is not fully used to calculate direct investment earnings. In accordance with the COPC, interest receivable/payable is included. Contrary to the COPC, (i) deductions are not made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are included, and (iii) debt repayments receivable/payable are not excluded.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, (i) dividends and distributed branch profits are recorded net, rather than gross of any withholding taxes, and (ii) dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are paid, rather than the date they are declared payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security

dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, and (ii) short-term loans. The data do not cover (i) bonds and money market instruments, (ii) trade credits, and (iii) financial leases. In accordance with the international standards, the data do not include (i) interest on financial derivatives, and (ii) interest on deposits, loans, and other claims and liabilities related to usual banking activities between affiliated banks. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, (i) the data are not recorded on an accrual basis, but instead are estimates made by applying a rate of return to stock data on instrument and currency, and (ii) the data include interest on claims and liabilities related to usual financial intermediation activities between affiliated financial intermediaries.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) financial leases, and (iv) non-participating preference [preferred] shares. The data do not cover (i) bonds and money market instruments, and (ii) trade credits. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) transactions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as subordinated loans.) Contrary to the international standards, the data do not exclude transactions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities.

Instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise cannot be identified from the present data sources.

Treatment of Reverse Investment

Transactions involving reverse investment are not treated in accordance with the international standards.

Assuming that the direct investment enterprise is a resident of Belgium and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards, equity transactions are recorded as "Direct Investment Abroad: Equity Capital" rather than being further broken down into "Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises", and loan transactions are recorded as "Direct Investment Abroad: Other Capital", rather than being further broken down into "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Belgium and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as "Portfolio Investment: Increase in Assets: Equity Securities" rather than as "Direct Investment in Belgium: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Direct Investment Abroad: Other Capital", rather than as "Direct Investment in Belgium: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Belgium by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, as such activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

Not applicable. There are no offshore enterprises established in Belgium by nonresidents at present.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established in Belgium by nonresidents are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established in Belgium by nonresidents that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are not excluded from the data, except those involving equity capital and permanent debt.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings in Belgium by nonresident enterprises and nonresident individuals. Land and buildings purchased in Belgium by nonresident enterprises and nonresident individuals on long-term leases are not included.

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration in Belgium by nonresidents is not included in the equity capital data, and (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, as this information is not available from the present data sources. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established in Belgium by nonresidents for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

All transactions are converted to the unit of account at the average exchange rate for the period.

DIRECT INVESTMENT IN BELGIUM

INTERNATIONAL INVESTMENT POSITION LIABILITIES (“INWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the National Bank of Belgium (NBB) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, and are disseminated with a timeliness of 9 months after the end of the reference period in the quarterly NBB publication *Statistical Bulletin* and on the NBB website <http://www.nbb.be>. The data are also reported to the IMF for publication, but not to the OECD.

Beginning from 2006, it is planned that quarterly data will be compiled.

Revision Practices

The data are preliminary when first released. The data are revised twice to take account of revised source data, once 6 months after their first release and again 12 months after their first release, or 21 months after the end of the reference year. At this time the data are considered to be final. However, in exceptional cases, further revisions can be made after that time if considered necessary. Beginning from 2006, it is planned that the data will become final 33 months after the end of the reference year, or 24 months after their first release.

The revised status of the data is not clearly identified in the disseminated data, and the general public are not informed of the reasons for the revisions. The historical data are not revised in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an individual transactions basis and the reporting requirements are compulsory.

Data Sources

The data for all components are compiled primarily from an international transactions reporting system (ITRS), which covers (i) cash transactions made through the domestic banking system, (ii) cash transactions made through the foreign bank accounts of enterprises, and (iii) noncash transactions. An annual enterprise survey of stocks of direct investment enterprises is used as a secondary data source. The perpetual inventory method (a method for deriving position data from transactions data) is used to compile the data. Adjustments are made for price changes, using stock exchange indices (for equity capital) and real estate indices, and for exchange rate changes. No adjustments are made for other nontransaction changes. There are plans to use a new annual enterprise survey of positions of direct investment enterprises as the data source in the future.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the inward direct investment position data. The register is maintained by the NBB and is updated on an annual basis using information from (i)

the ITRS's list of transactors, (ii) a register maintained by other departments within the NBB, (iii) the financial press, and (iv) compulsory direct investment surveys. The same business register is used to compile the inward direct investment transactions and position data, and the outward direct investment transactions and position data.

Geographic Classification

Annual (calendar year) data showing breakdowns by country for the inward position data are compiled by the NBB with a timeliness of 9 months after the end of the reference period. The data are not disseminated and are not available on request. The data are not reported to the OECD. The data cover 65 countries and bilateral data are not used in the compilation of the data. There are plans to begin to disseminate the data beginning in 2007.

In accordance with the international standards, the data are compiled on an "immediate country" basis. (Data on an "ultimate country" basis are also compiled as supplementary information.)

Data showing breakdowns by regions/economic zones are not compiled.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity are not compiled.

B. Methodology

Definition of Direct Investment Enterprises in Belgium

In accordance with the international standards, the basic criterion for defining direct investment enterprises in Belgium is 10 percent ownership by a nonresident investor. In accordance with the international standards, enterprises in which the nonresident direct investor owns 10 percent or more but does not have an effective voice in management are included. Contrary to the international standards, (i) enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management, as evidenced by the treatment of the relationship as stated in the balance sheet of the enterprise, are also included, and (ii) the 10 percent ownership is calculated by combining the holdings of all nonresident investors in a specific enterprise or from a specific country, rather than being based on the ownership of each individual nonresident investor or group of related nonresident investors. A value threshold is used to identify resident direct investment enterprises, namely, total assets or liabilities of 25 million Euro, plus total equity of 10 million Euro, plus financial assets of 5 million Euro. Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The "Fully Consolidated System" (FCS) recommended in the international standards is not applied. Specifically, the data do not include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) all equity capital and other capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Belgium are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, but are not required by law to identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are

no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment in Belgium.)

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) financial leases, and (iv) non-participating preference [preferred] shares. The data do not cover (i) bonds and money market instruments, and (ii) trade credits. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) positions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. In accordance with the international standards, (i) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as subordinated loans.) Contrary to the international standards, the data do not exclude positions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities.

Instances when a loan/debt guarantee provided by a direct investor or related direct investment enterprise is invoked following default by a direct investment enterprise cannot be identified from the present data sources.

Treatment of Reverse Investment

Positions involving reverse investment are not treated in accordance with the international standards.

Assuming that the direct investment enterprise is a resident of Belgium and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards, equity positions are recorded as "Assets: Direct Investment Abroad: Equity Capital" rather than being further broken down into "Assets: Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises", and loan positions are recorded as "Assets: Direct Investment Abroad: Other Capital", rather than being further broken down into "Assets: Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Belgium and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity positions are recorded as "Assets: Portfolio Investment: Equity Securities" rather than as "Liabilities: Direct Investment in Belgium: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Assets: Direct Investment Abroad: Other Capital", rather than as "Liabilities: Direct Investment in Belgium: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation in Belgium by nonresidents of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, as such activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

Not applicable. There are no offshore enterprises established in Belgium by nonresidents at present.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established in Belgium by nonresidents are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established in Belgium by nonresidents that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are not excluded from the data, except those involving equity capital and permanent debt.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings in Belgium by nonresident enterprises and nonresident individuals. Land and buildings owned in Belgium by nonresident enterprises and nonresident individuals on long-term leases are not included.

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration in Belgium by nonresidents is not included in the equity capital data, (ii) expenditure on bonus payments made by nonresidents to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established in Belgium by nonresidents for natural resource exploration, an adjustment to reflect that shutdown is not made to the liabilities data on direct investment equity capital in the international investment position statistics, as this information is not available from the present data sources.

Valuation of Assets and Liabilities

The data on equity capital for both listed and unlisted enterprises are recorded at market values, which are estimations based on stock exchange indices. In the case of the unlisted enterprises, adjustments are made to the indices to reduce the magnitude of the changes.

The data on other capital are recorded at book values, which are the historical costs.

In the case of the data on the banking sector, the book values used are those shown in the accounting records of the resident direct investment enterprises, rather than the nonresident direct investors. However, the position data are primarily cumulative transactions data.

Exchange Rate Conversion

Most positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate. However, some are converted at the exchange rate prevailing on the date the stocks were acquired.

DIRECT INVESTMENT ABROAD
BALANCE OF PAYMENTS (“OUTWARD TRANSACTIONS”) DATA

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable monthly data are compiled by the National Bank of Belgium (NBB) within the balance of payments framework on (a) the components of direct investment income: (i) income on equity (dividends and distributed branch profits), (ii) reinvested earnings, (iii) income on debt (interest), and (b) the components of direct investment financial flows: (i) equity capital, and (ii) other capital. These monthly data are disseminated with a timeliness of up to 24 weeks after the end of the reference month in the quarterly NBB publication *Statistical Bulletin* and on the NBB website <http://www.nbb.be>. The data (quarterly rather than monthly) are also reported to the IMF and to the OECD for publication.

The data are preliminary when first released. The monthly data are revised each quarter to take account of more accurate source data and are disseminated quarterly together with the preliminary monthly data for the latest quarter. The data are considered to be final 33 months after the end of the reference year, that is, up to 38 months after their first release, depending on the month.

The revised status of the data is not clearly identified in the disseminated data, and the general public are not informed of the reasons for the revisions. The historical data are revised back a maximum of 3 years in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF and OECD for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF and OECD for publication.

Data Collection Method

The data are collected on an individual transactions basis and the reporting requirements are compulsory. There are plans to change the data collection method to an aggregate basis in the future.

Data Sources

The data for all components except reinvested earnings are compiled primarily from an international transactions reporting system (ITRS), which covers (i) cash transactions made through the domestic banking system, (ii) cash transactions made through the foreign bank accounts of enterprises, and (iii) noncash transactions. An annual enterprise survey of direct investors resident in Belgium is used to estimate the reinvested earnings, and is also used as a secondary data source for the other components of the outward direct investment transactions data. Press reports and the published reports of resident companies are also used for cross-checking the data.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF and OECD for publication.

A business register of enterprises involved in direct investment is used to compile the outward direct investment transactions data. The register is maintained by the NBB and is updated on an annual basis using information from (i) the ITRS's list of transactors, (ii) a register maintained by other departments within the NBB, (iii) the financial press, and (iv) compulsory direct investment surveys. The same business register is used to compile the outward direct investment transactions and position data, and the inward direct investment transactions and position data.

Geographic Classification

Annual (calendar year) data showing breakdowns by country for the direct investment income and direct investment financial flows data are compiled by the NBB with a timeliness of 9 months after the end of the reference period. These data are not disseminated but are available on request. The data showing country breakdowns for both the direct investment financial flows and direct investment income are also reported to the OECD and Eurostat. The data cover 65 countries and bilateral data are not used in the compilation of the data.

The transactor principle, rather than the debtor/creditor principle, is primarily used as the basis for the geographic allocation of the data. However, for the data on equity capital supplementary information on major transactions is requested, which enables those transactions to be reclassified on the debtor/creditor principle. The five countries with the largest amount of direct investment income from investment abroad by residents of Belgium during 2003 (ranked in descending order) were: France, the Netherlands, the United States, Luxembourg, and Germany. The five countries with the largest amount of direct investment financial flows from Belgium during 2003 (ranked in descending order) were: Germany, Luxembourg, the Netherlands, the United Kingdom, and Singapore.

In addition to the data showing country breakdowns, annual data are compiled by the NBB showing breakdowns of both the direct investment income and direct investment financial flows for various regions/economic zones, including the following: (i) the EU15, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) the ASEAN countries, (vii) the OPEC countries. These data are not disseminated, but are available on request with a timeliness of 9 months after the end of the reference period, and are also reported to the OECD and Eurostat.

There are no differences in the data coverage, sources, etc. between the outward transactions data showing geographic breakdowns made available on request and the aggregate outward data on direct investment income and direct investment financial flows reported to the IMF and OECD for publication.

Industrial Classification

Annual (calendar year) data showing breakdowns by industrial activity for direct investment financial flows are compiled by the NBB with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request. The data showing breakdowns by industrial activity for both the direct investment financial flows are also reported to the OECD and Eurostat. The data show a breakdown for 52 industrial activities. The classification used is NACE, Revision 1, which broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing breakdowns by industrial activity for the direct investment income are not compiled.

The data on direct investment financial flows are classified on the basis of the industrial activity of the resident direct investors. The five industrial activities with the largest amount of direct investment financial flows from Belgium during 2003 (in descending order) were: (i) real estate and business activities, (ii) transport and communication, manufacturing, (iv) electricity, gas, and water, and (v) financial intermediation..

In addition, annual data compiled by the NBB for the direct investment financial flows data showing a breakdown by both industrial activity and region/economic zone with a timeliness of 9 months after the end of the reference period. These data are not disseminated, but are available on request. The data are also reported to the OECD and Eurostat.

Annual data are compiled by the NBB for the direct investment financial flows data showing a breakdown by both industrial activity and main partner country with a timeliness of 9 months after the end of the reference period. These data are not disseminated and are not available on request.

There are no differences in the data coverage, sources, etc. between the outward transactions data showing industrial activity breakdowns made available on request and the aggregate outward data on direct investment financial flows reported to the IMF and OECD for publication.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad. In accordance with the international standards, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included. Contrary to the international standards, (i) enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are also included, and (ii) the 10 percent ownership is calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad, rather than being based on the ownership of each individual resident investor or group of related resident investors. A value threshold is used to identify resident direct investment enterprises, namely, total assets or liabilities of 25 million Euro, plus total equity of 10 million Euro, plus financial assets of 5 million Euro. Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The "Fully Consolidated System" (FCS) recommended in the international standards is partially applied. Contrary to the FCS, the direct investment earnings data do not include the relevant share of all indirectly-owned direct investment enterprises. In accordance with the FCS, the direct investment financial flows data include all equity and other capital transactions made directly between resident enterprises of a related group as defined in the FCS and nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Belgium are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, but are not required by law to identify all transactions with the parent company.

Measurement of Direct Investment Earnings

Contrary to the international standards, the "Current Operating Performance Concept" (COPC) is not fully used to calculate direct investment earnings. In accordance with the COPC, interest receivable/payable is included. Contrary to the COPC, (i) deductions are not made for depreciation of capital, and for provisions for host-country income and corporation taxes, (ii) realized and unrealized capital gains and losses, write-offs, and realized and unrealized exchange rate gains and losses are included, and (iii) debt repayments receivable/payable are not excluded.

Treatment of Income on Equity (Dividends and Distributed Branch Profits)

The data on dividends and distributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, (i) dividends and distributed branch profits are recorded net, rather than gross of any withholding taxes, and (ii) dividends and distributed branch profits for both incorporated and unincorporated enterprises are recorded on the date they are paid, rather than the date they are declared payable.

Treatment of Reinvested Earnings and Undistributed Branch Profits

The data on reinvested earnings and undistributed branch profits cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings and undistributed branch profits are recorded in the period in which they are earned, (ii) the data include reinvested earnings and undistributed branch profits between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security

dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings.

Treatment of Income on Debt (Interest)

The data on income on debt (interest) cover both incorporated enterprises and unincorporated enterprises and include interest on (i) long-term loans, and (ii) short-term loans. The data do not cover (i) bonds and money market instruments, (ii) trade credits, and (iii) financial leases. In accordance with the international standards, the data do not include (i) interest on financial derivatives, and (ii) interest on deposits, loans, and other claims and liabilities related to usual banking activities between affiliated banks. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks. Contrary to the international standards, (i) the data are not recorded on an accrual basis, but instead are estimates made by applying a rate of return to stock data on instrument and currency, and (ii) the data include interest on claims and liabilities related to usual financial intermediation activities between affiliated financial intermediaries.

Treatment of Equity Capital

The equity capital transactions data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity transactions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

Treatment of Other Capital

The other capital transactions data cover: (i) long-term loans, (ii) short-term loans, (iii) financial leases, and (iv) non-participating preference [preferred] shares. The data do not cover (i) bonds and money market instruments, and (ii) trade credits. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) transactions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. In accordance with the international standards, (i) the data include transactions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include transactions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as subordinated loans.) Contrary to the international standards, the data do not exclude transactions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities.

Instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise cannot be identified from the present data sources.

Treatment of Reverse Investment

Transactions involving reverse investment are not treated in accordance with the international standards.

Assuming that the direct investment enterprise is a resident of Belgium and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards, equity transactions are recorded as "Direct Investment Abroad: Equity Capital" rather than being further broken down into "Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises", and loan transactions are recorded as "Direct Investment Abroad: Other Capital", rather than being further broken down into "Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Belgium and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity transactions are recorded as "Portfolio Investment: Increase in Assets: Equity Securities" rather than as "Direct Investment in Belgium: Equity Capital: Increase in Claims on Direct Investors", and loan transactions are recorded as "Direct Investment Abroad: Other Capital", rather than as "Direct Investment in Belgium: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by residents of Belgium of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, as such activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Belgium are included in the direct investment data.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established abroad by residents of Belgium are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established abroad by residents of Belgium that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are not excluded from the data, except those involving equity capital and permanent debt.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include purchases and sales of land and buildings abroad by enterprises and individuals resident in Belgium. Land and buildings purchased abroad by enterprises and individuals resident in Belgium on long-term leases are not included.

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration abroad by residents of Belgium is not included in the equity capital data, and (ii) expenditure on bonus payments made by residents of Belgium to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, as this information is not available from the present data sources. In accordance with the international standards, in instances of the shutdown of a direct investment enterprise established abroad by residents of Belgium for natural resource exploration, no transactions are shown in the balance of payments statistics.

Exchange Rate Conversion

All transactions are converted to the unit of account at the average exchange rate for the period.

DIRECT INVESTMENT ABROAD

INTERNATIONAL INVESTMENT POSITION ASSETS (“OUTWARD POSITION DATA”)

A. Compilation Practices and Data Sources

Data Availability

Separately identifiable annual (calendar year) data are compiled by the National Bank of Belgium (NBB) within the international investment position (IIP) framework on (a) equity capital and reinvested earnings, and (b) other capital, and are disseminated with a timeliness of 9 months after the end of the reference period in the quarterly NBB publication *Statistical Bulletin* and on the NBB website <http://www.nbb.be>. The data are also reported to the IMF for publication, but not to the OECD. Beginning from 2006, it is planned that quarterly data will be compiled.

Revision Practices

The data are preliminary when first released. The data are revised twice to take account of revised source data, once 6 months after their first release and again 12 months after their first release, or 21 months after the end of the reference year. At this time the data are considered to be final. However, in exceptional cases, further revisions can be made after that time if considered necessary. Beginning from 2006, it is planned that the data will become final 33 months after the end of the reference year, or 24 months after their first release.

The revised status of the data is not clearly identified in the disseminated data, and the general public are not informed of the reasons for the revisions. The historical data are not revised in instances of major changes in methodology or data collection systems.

There are no differences in the revision practices between the data disseminated in the national publications and those reported to the IMF for publication.

Data Coverage

No major sectors of the economy or elements within those economic sectors are excluded from the data.

There are no differences in the sectoral coverage between the data disseminated in the national publications and those reported to the IMF for publication.

Data Collection Method

The data are collected on an individual transactions basis and the reporting requirements are compulsory.

Data Sources

The data for all components are compiled primarily from an international transactions reporting system (ITRS), which covers (i) cash transactions made through the domestic banking system, (ii) cash transactions made through the foreign bank accounts of enterprises, and (iii) noncash transactions. An annual enterprise survey of positions of direct investors resident in Belgium is used as a secondary data source. The perpetual inventory method (a method for deriving position data from transactions data) is used to compile the data. Adjustments are made for price changes, using stock exchange indices (for equity capital) and real estate indices, and for exchange rate changes. No adjustments are made for other nontransaction changes. There are plans to use a new annual enterprise survey of positions of direct investors resident in Belgium as the data source in the future.

There are no differences in the data sources between the data disseminated in the national publications and those reported to the IMF for publication.

A business register of enterprises involved in direct investment is used to compile the outward direct investment position data. The register is maintained by the NBB and is updated on an annual basis using information from (i) the ITRS's list of transactors, (ii) a register maintained by other departments within the NBB, (iii) the financial

press, and (iv) compulsory direct investment surveys. The same business register is used to compile the outward direct investment transactions and position data, and the inward direct investment transactions and position data.

Geographic Classification

Annual (calendar year) data showing breakdowns by country for the outward position data are compiled by the NBB with a timeliness of 9 months after the end of the reference period. The data are not disseminated and are not available on request. The data are also not reported to the OECD. The data cover 65 countries and bilateral data are not used in the compilation of the data. There are plans to begin to disseminate the data beginning in 2007.

In accordance with the international standards, the data are compiled on an "immediate country" basis. (Data on an "ultimate country" basis are also compiled as supplementary information.)

Data showing breakdowns by regions/economic zones are not compiled.

Industrial Classification

Not applicable. Data showing breakdowns by industrial activity are not compiled.

B. Methodology

Definition of Direct Investors

In accordance with the international standards, the basic criterion for defining resident direct investors is 10 percent ownership by a resident investor of an enterprise abroad. In accordance with the international standards, enterprises abroad in which the resident direct investor owns 10 percent or more but does not have an effective voice in management are included. Contrary to the international standards, (i) enterprises abroad in which the resident investor owns less than 10 percent but has an effective voice in management are also included, and (ii) the 10 percent ownership is calculated by combining the holdings of all resident investors in a specific enterprise abroad or in a specific country abroad, rather than being based on the ownership of each individual resident investor or group of related resident investors. A value threshold is used to identify resident direct investment enterprises, namely, total assets or liabilities of 25 million Euro, plus total equity of 10 million Euro, plus financial assets of 5 million Euro. Unincorporated enterprises are not treated differently from incorporated enterprises.

Treatment of Indirectly Owned Direct Investment Enterprises

The "Fully Consolidated System" (FCS) recommended in the international standards is not applied. Specifically, the data do not include (i) the relevant share of the reinvested earnings of indirectly-owned direct investment enterprises, and (ii) all equity capital and other capital positions held directly by resident enterprises of a related group as defined in the FCS with nonresident enterprises of the same group, without consideration of the percentage of equity directly held by these direct investors or enterprises in each other, and including those enterprises that share a common direct investor but have no ownership in each other.

Enterprises in Belgium are required by law to produce consolidated accounts covering their subsidiaries and associate companies, both foreign and domestic, but are not required by law to identify all transactions with the parent company.

Treatment of Equity Capital and Reinvested Earnings

The equity capital position data cover (i) listed voting stocks (shares), (ii) unlisted voting stocks (shares), (iii) participating preference [preferred] shares, (iv) other non-voting stocks (shares), and (v) noncash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, (i) the data include equity positions between affiliated banks and between affiliated financial intermediaries, (ii) the data include equity positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, and (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks.

The reinvested earnings data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, (i) the reinvested earnings are recorded in the period in which they are earned, (ii) the data include reinvested earnings between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (iii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and other affiliated financial intermediaries and affiliated banks, and (iv) when a direct investment enterprise makes a net loss, that net loss is recorded as negative reinvested earnings. (See also the section on the *Measurement of Direct Investment Earnings* in the metadata on the Balance of Payments [transactions] data on Direct Investment Abroad.)

Treatment of Other Capital

The other capital position data cover: (i) long-term loans, (ii) short-term loans, (iii) financial leases, and (iv) non-participating preference [preferred] shares. The data do not cover (i) bonds and money market instruments, and (ii) trade credits. In accordance with the international standards, the data exclude (i) financial derivatives, (ii) loan/debt guarantees provided by direct investors or related direct investment enterprises, (iii) changes in insurance company technical reserves, and (iv) positions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. In accordance with the international standards, (i) the data include positions between nonfinancial direct investment enterprises and affiliated financial intermediaries, including SPEs primarily engaged in financial intermediation for a group of related enterprises, (ii) there are no differences between the treatment of affiliated financial auxiliaries (such as security dealers) and the treatment of other affiliated financial intermediaries and affiliated banks, and (iii) the data include positions associated with permanent debt between affiliated banks and between affiliated financial intermediaries. (Permanent debt is defined as subordinated loans.) Contrary to the international standards, the data do not exclude positions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities.

Instances when a loan/debt guarantee provided by a direct investor is invoked following default by a direct investment enterprise cannot be identified from the present data sources.

Treatment of Reverse Investment

Positions involving reverse investment are not treated in accordance with the international standards.

Assuming that the direct investment enterprise is a resident of Belgium and the direct investor is a nonresident, when the direct investment enterprise owns at least 10 percent of its nonresident direct investor, and has therefore established a direct investment relationship in its own right, contrary to the international standards, equity positions are recorded as "Assets: Direct Investment Abroad: Equity Capital" rather than being further broken down into "Assets: Direct Investment Abroad: Equity Capital: Increase in Claims on Affiliated Enterprises", and loan positions are recorded as "Assets: Direct Investment Abroad: Other Capital", rather than being further broken down into "Assets: Direct Investment Abroad: Other Capital: Increase in Claims on Affiliated Enterprises".

Assuming that the direct investment enterprise is a resident of Belgium and the direct investor is a nonresident, when the direct investment enterprise owns less than 10 percent of its nonresident direct investor, contrary to the international standards, equity positions are recorded as "Assets: Portfolio Investment: Equity Securities" rather than as "Liabilities: Direct Investment in Belgium: Equity Capital: Claims on Direct Investors", and loan positions are recorded as "Assets: Direct Investment Abroad: Other Capital", rather than as "Liabilities: Direct Investment in Belgium: Other Capital: Increase in Claims on Direct Investors".

Treatment of Quasi-corporations

Contrary to the international standards, the direct investment data do not include the activities of quasi-corporations involving the operation abroad by residents of Belgium of (i) construction enterprises, and (ii) mobile equipment, such as ships, aircraft, and drilling rigs, as such activities cannot be identified from the present data sources.

Treatment of Offshore Enterprises

In accordance with the international standards, activities of offshore enterprises established abroad by residents of Belgium are included in the direct investment data.

Treatment of Special Purpose Entities (SPEs)

In accordance with the international standards, activities of SPEs established abroad by residents of Belgium are included in the direct investment data, with no exceptions. Contrary to the international standards, in the case of SPEs established abroad by residents of Belgium that have the primary purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries are not excluded from the data, except those involving equity capital and permanent debt.

Treatment of Land and Buildings

In accordance with the international standards, the equity capital data include ownership of land and buildings abroad by enterprises and individuals resident in Belgium. Land and buildings owned abroad by enterprises and individuals resident in Belgium on long-term leases are not included.

Treatment of Natural Resources Exploration

Contrary to the international standards, (i) expenditure related to natural resources exploration abroad by residents of Belgium is not included in the equity capital data, (ii) expenditure on bonus payments made by residents of Belgium to the host country for the right to undertake exploration for natural resources is not included in the equity capital data when there is a clear intention to establish a direct investment enterprise, and (iii) in instances of the shutdown of a direct investment enterprise established abroad by residents of Belgium for natural resource exploration, an adjustment to reflect that shutdown is not made to the assets data on direct investment equity capital in the international investment position statistics, as this information is not available from the present data sources.

Valuation of Assets and Liabilities

The data on equity capital for both listed and unlisted enterprises are recorded at market values, which are estimations based on stock exchange indices. In the case of the unlisted enterprises, adjustments are made to the indices to reduce the magnitude of the changes.

The data on other capital are recorded at book values, which are the historical costs.

In the case of the data on the banking sector, the book values used are those shown in the accounting records of the resident direct investors, rather than the nonresident direct investment enterprises. However, the position data are primarily cumulative transactions data.

Exchange Rate Conversion

Most positions are converted to the unit of account at the exchange rate prevailing on the date to which the position data relate. However, some are converted at the exchange rate prevailing on the date the stocks were acquired.