

This metadata describes the compilation practices, sources and methodology in use in 2001. 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**

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### **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”)**

**[Glossary of Direct Investment Terms and Definitions](#)**

**DIRECT INVESTMENT IN BELGIUM**  
**BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)**

**A. Compilation Practices and Data Sources**

**Data Availability:** Preliminary monthly data are disseminated on (i) direct investment income (income on equity, and income on debt [interest] only), and (ii) direct investment financial flows (equity capital and other capital). The monthly data are disseminated on a quarterly basis with a timeliness of 12-20 weeks after the end of the reference period (that is, the data for the first month of the quarter have a timeliness of 20 weeks, those for the second month have a timeliness of 16 weeks, and those for the last month of the quarter have a timeliness of 12 weeks.) Annual data on reinvested earnings have been disseminated with a timeliness of 9 months after the end of the reference year with effect from 2001.

**Revision Policy:** The data are revised 6 times on a quarterly basis, at the time of the quarterly release of the monthly data. The data are considered to be final at the time of the sixth quarterly revision – that is, 18 months after the data are first released. However, further revisions are possible.

**Data Coverage:** No major industrial sectors are excluded from the data.

**Data Collection Methods:** Data are collected on an individual transactions basis, and reporting requirements are compulsory.

**Data Sources:** The data are compiled primarily from an international transactions reporting system (ITRS). Information from an annual enterprise survey of direct investment enterprises in Belgium is used at present as a secondary data source only to validate the data from the ITRS. Published sources, such as company accounts, and press reports are also used for cross-checking the data. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the ITRS's list of transactors, (ii) registers maintained by other departments within the National Bank of Belgium, and (iii) the financial press.

**Geographic Classification:** Annual data showing country breakdowns are disseminated for direct investment financial flows (but not for direct investment income) with a timeliness of 18 months after the end of the reference period. The transactor principle, rather than the debtor/creditor principle, is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data are disseminated showing direct investment income (but not direct investment financial flows) for the Euro area. The five countries with the largest amount of direct investment flows into Belgium during 1996 (ranked in descending order) were: Spain, the Netherlands, Germany, Switzerland, and Italy.

**Industrial Classification:** Annual data showing a breakdown by industrial sector are disseminated for direct investment financial flows (but not direct investment income) with a timeliness of 18 months after the end of the reference period. The data are not directly collected from the direct investment enterprises, but are instead compiled by linking the cumulated flows to the NACE industrial sector classification codes. The data are based on the industry of the resident direct investment enterprise. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing a more detailed sectoral classification based on the 4-digit level of NACE, the classification system used by Eurostat, are also compiled and are available on request, subject to confidentiality constraints. Data showing breakdowns by industrial sector/region or economic zone are disseminated for (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Breakdowns by industrial sector/partner country are also disseminated.

**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, regardless of whether the investor has an effective voice in management. However, the data also include enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management, as evidenced by representation on the Board of Directors and/or participation in policy-making. No value threshold is used to identify direct investment enterprises in the ITRS data, but a threshold of BEF 100

million is used for the survey data. 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. In accordance with the FCS, the direct investment financial flows data include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. However, contrary the FCS, the direct investment earnings data do not include the relevant share of indirectly-owned direct investment enterprises. Enterprises in Belgium are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, 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 used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are not made for depreciation of capital, or for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses are not excluded. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative income. However, the losses are recorded in the data only when a payment is made to cover the losses.

**Treatment of Income on Equity (Dividends and Distributed Branch Profits):** The data cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, dividends and distributed branch profits are recorded (i) on the date they are paid, rather than on the date they are payable, and (ii) net, rather than gross, of any withholding taxes.

**Treatment of Reinvested Earnings and Undistributed Branch Profits:** The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

**Treatment of Income on Debt (Interest):** The data cover interest income from: (i) long-term loans, and (ii) short-term loans. The data do not cover: (i) bonds and money market instruments, and (ii) trade credits. In accordance with the international standards, the data do not include interest from: (i) financial derivatives, and (ii) deposits, loans and other claims and liabilities related to usual banking activities between affiliated banks. Contrary to the international standards, the data (i) include interest from claims and liabilities related to usual financial intermediation activities between affiliated financial intermediaries, and (ii) are not compiled on an accrual basis, but instead are estimates based on the position data.

**Treatment of Equity Capital:** The data cover all types of financial flows affecting equity capital, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

**Treatment of Other Capital:** The data cover: (i) long-term loans, (ii) short-term loans, and (iii) financial leases. The data do not cover: (i) bonds and money market instruments, (ii) trade credits, and (iii) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) transactions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. Contrary to the international standards, the data (i) include transactions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities, and (ii) exclude transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks. In accordance with the international standards, the data include transactions associated with permanent debt between affiliated financial intermediaries.

**Treatment of Reverse Investment:** Transactions involving reverse investment are not treated in accordance with the international standards in most instances. 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 and loan transactions are recorded as “Direct Investment in Belgium: Increase in Claims on Direct investors”, rather than as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. 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 “Direct Investment in Belgium: Decrease in Liabilities to Direct Investors”, rather than as “Direct Investment in Belgium: Increase in

Claims on Direct Investors". However, in accordance with the international standards, loan transactions are recorded as "Direct Investment in Belgium: 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) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

**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 generally included in the direct investment data. Contrary to the international standards, in the case of SPEs established in Belgium by nonresidents that have the sole purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except transactions in equity capital and permanent debt, are not excluded from the data.

**Treatment of Land and Buildings:** In accordance with the international standards, the data include purchases and sales of land and buildings in Belgium by nonresident enterprises and individuals.

**Treatment of Natural Resources Exploration:** Contrary to the international standards, the data do not include expenditure related to natural resources exploration in Belgium by nonresidents.

**Exchange Rate Conversion:** Most transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded. Reinvested earnings are converted at the exchange rate prevailing at the end of the period in which they are recorded.

**DIRECT INVESTMENT IN BELGIUM**  
**INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)**

**A. Compilation Practices and Data Sources**

**Data Availability:** Preliminary annual (calendar year) data on (i) equity capital and reinvested earnings, and (ii) other capital, are disseminated with a timeliness of 9 months after the end of the reference period. The data for reinvested earnings have been disseminated only since 2001.

**Revision Policy:** The preliminary data are revised 12 months after they are first released. At that time the data are generally considered to become final (that is, 21 months after the end of the reference period). However, the data can be further revised one year later (that is, 24 months after they are first released, and 33 months after the end of the reference year). Consideration is being given to revising the data 9 months after they are first released (that is, 18 months after the end of the reference year) in the future, to incorporate the preliminary data obtained from the annual enterprise survey.

**Data Coverage:** No major industrial sectors are excluded from the data.

**Data Collection Methods:** Reporting requirements are compulsory.

**Data Sources:** The data are compiled from an international transactions reporting system (ITRS) using the perpetual inventory method (a method for deriving position data from transactions data), with adjustments for price changes and exchange rate changes. Information from an annual enterprise survey of direct investment enterprises in Belgium is used at present as a secondary data source only to validate the data from the ITRS. The annual enterprise survey will be used as the sole data source at some point in the future, and at that time the data from the ITRS will be used as a checking tool only. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the ITRS's list of transactors, (ii) registers maintained by other departments within the National Bank of Belgium, and (iii) the financial press.

**Geographic Classification:** Not applicable. Data showing breakdowns by country or by region and economic zone are not compiled.

**Industrial Classification:** Not applicable. Data showing breakdowns by industrial sector 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, regardless of whether the investor has an effective voice in management. However, the data also include enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management, as evidenced by representation on the Board of Directors and/or participation in policy-making. No value threshold is used to identify direct investment enterprises in the ITRS data, but a threshold of BEF 100 million is used for the survey data. 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 relevant share of indirectly-owned direct investment enterprises is not included in (i) the reinvested earnings data, and (ii) the equity and other capital position data. Enterprises in Belgium are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to identify all transactions with the parent company.

**Treatment of Equity Capital and Reinvested Earnings:** The data cover all types of position data affecting equity capital and reinvested earnings, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks, including participating preference shares, (iv) non-cash acquisitions of equity, such as through the provision of capital equipment, and (v) reinvested earnings. In accordance with the international standards, the data include equity positions between affiliated banks and between affiliated financial intermediaries. The reinvested earnings data cover both incorporated and unincorporated enterprises, and, in accordance with the international standards, are recorded in the period in which they are earned. (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 data cover: (i) long-term loans, (ii) short-term loans, and (iii) financial leases. The data do not cover, (i) bonds and money market instruments, (ii) trade credits, and (iii) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) positions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. Contrary to the international standards, the data (i) include positions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities, and (ii) do not include positions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks, except in specific well-identified cases, such as subordinated loans between a parent company and its “daughter” company. In accordance with the international standards, the data include positions associated with permanent debt between affiliated financial intermediaries.

**Treatment of Reverse Investment:** Positions involving reverse investment are not treated in accordance with the international standards in most instances. 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 and loan positions are recorded as “Liabilities: Direct Investment in Belgium: Claims on Direct investors”, rather than as “Assets: Direct Investment Abroad: Claims on Affiliated Enterprises”. 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 “Liabilities: Direct Investment in Belgium: Liabilities to Direct Investors”, rather than as “Liabilities: Direct Investment in Belgium: Claims on Direct Investors”. However, in accordance with the international standards, loan positions are recorded as “Liabilities: Direct Investment in Belgium: 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) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

**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 generally included in the direct investment data. Contrary to the international standards, in the case of SPEs established in Belgium by nonresidents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital and permanent debt, are not excluded from the data.

**Treatment of Land and Buildings:** In accordance with the international standards, the data include ownership of land and buildings in Belgium by nonresident enterprises and individuals.

**Treatment of Natural Resources Exploration:** Contrary to the international standards, the data do not include expenditure related to natural resources exploration in Belgium by nonresidents.

**Valuation:** In accordance with the international standards, the data are recorded at market values.

**Exchange Rate Conversion:** The average exchange rate in the month in which the original transactions were recorded is used to convert foreign currencies to the unit of account.

**BELGIUM: DIRECT INVESTMENT ABROAD**  
**BALANCE OF PAYMENTS (“TRANSACTIONS DATA”)**

**A. Compilation Practices and Data Sources**

**Data Availability:** Preliminary monthly data are disseminated on (i) direct investment income (income on equity, and income on debt [interest] only), and (ii) direct investment financial flows (equity capital and other capital). The monthly data are disseminated on a quarterly basis with a timeliness of 12-20 weeks after the end of the reference period (that is, the data for the first month of the quarter have a timeliness of 20 weeks, those for the second month have a timeliness of 16 weeks, and those for the last month of the quarter have a timeliness of 12 weeks.) Annual data on reinvested earnings have been disseminated with a timeliness of 9 months after the end of the reference year with effect from 2001.

**Revision Policy:** The data are revised 6 times on a quarterly basis, at the time of the quarterly release of the monthly data. The data are considered to be final at the time of the sixth quarterly revision – that is, 18 months after the data are first released. However, further revisions are possible.

**Data Coverage:** No major industrial sectors are excluded from the data.

**Data Collection Methods:** Data are collected on an individual transactions basis, and reporting requirements are compulsory.

**Data Sources:** The data are compiled primarily from an international transactions reporting system (ITRS). Information from an annual enterprise survey of residents with direct investment enterprises abroad is used at present as a secondary data source only to validate the data from the ITRS. Published sources, such as company accounts, and press reports are also used for cross-checking the data. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the ITRS's list of transactors, (ii) registers maintained by other departments within the National Bank of Belgium, and (iii) the financial press.

**Geographic Classification:** Annual data showing country breakdowns are disseminated for direct investment financial flows (but not for direct investment income) with a timeliness of 18 months after the end of the reference period. The transactor principle, rather than the debtor/creditor principle, is used as the basis for the geographic allocation of the data. Bilateral information is not used in the compilation of the data. Data are disseminated showing direct investment income (but not direct investment financial flows) for the Euro area. The five countries with the largest amount of direct investment flows from Belgium during 1996 (ranked in descending order) were: the Netherlands, Denmark, the United Kingdom, the United States, and Switzerland.

**Industrial Classification:** Annual data showing a breakdown by industrial sector are disseminated for direct investment financial flows (but not direct investment income) with a timeliness of 18 months after the end of the reference period. The data are not directly collected from the direct investment enterprises, but are instead compiled by linking the cumulated flows to the NACE industrial sector classification codes. The data are based on the industry of the resident direct investor. The classification broadly corresponds to the nine major divisions of the United Nations International Standard Industrial Classification of All Economic Activities (ISIC). Data showing a more detailed sectoral classification based on the 4-digit level of NACE, the classification system used by Eurostat, are also compiled and are available on request, subject to confidentiality constraints. Data showing breakdowns by industrial sector/region or economic zone are disseminated for (i) the European Union, (ii) EFTA, (iii) the OECD, (iv) NAFTA, (v) the CIS countries, (vi) ASEAN, and (vii) OPEC. Breakdowns by industrial sector/partner country are also disseminated.

**B. Methodology**

**Definition of Direct Investors Abroad:** In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. However, the data also include enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management, as evidenced by representation on the Board of Directors and/or participation in policy-making. No value threshold is used to identify direct investors abroad in the ITRS data, but a threshold of BEF 100 million is

used for the survey data. Unincorporated enterprises are not treated differently from incorporated enterprises in the ITRS data, but are excluded from the survey data.

**Treatment of Indirectly-Owned Direct Investment Enterprises:** The “Fully Consolidated System” (FCS) recommended in the international standards is partially applied. In accordance with the FCS, the direct investment financial flows data include the equity and other capital transactions between resident enterprises and nonresident enterprises of the same group of related enterprises. However, contrary the FCS, the direct investment earnings data do not include the relevant share of indirectly-owned direct investment enterprises. Enterprises in Belgium are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, 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 used to calculate earnings of direct investment enterprises. Specifically, (i) deductions are not made for depreciation of capital, or for provisions for host-country income and corporation taxes, and (ii) realized and unrealized capital gains and losses, write-offs, and exchange rate gains or losses are not excluded. In accordance with the international standards, when a direct investment enterprise makes a loss, the net loss is recorded as negative income. However, the losses are recorded in the data only when a payment is made to cover the losses.

**Treatment of Income on Equity (Dividends and Distributed Branch Profits):** The data cover both incorporated enterprises and unincorporated enterprises. Contrary to the international standards, dividends and distributed branch profits are recorded (i) on the date they are paid, rather than on the date they are payable, and (ii) net, rather than gross, of any withholding taxes.

**Treatment of Reinvested Earnings and Undistributed Branch Profits:** The data cover both incorporated enterprises and unincorporated enterprises. In accordance with the international standards, reinvested earnings and undistributed branch profits are recorded in the period in which they are earned.

**Treatment of Income on Debt (Interest):** The data cover interest income from: (i) long-term loans, and (ii) short-term loans. The data do not cover: (i) bonds and money market instruments, and (ii) trade credits. In accordance with the international standards, the data do not include interest from: (i) financial derivatives, and (ii) deposits, loans and other claims and liabilities related to usual banking activities between affiliated banks. Contrary to the international standards, the data (i) include interest from claims and liabilities related to usual financial intermediation activities between affiliated financial intermediaries, and (ii) are not compiled on an accrual basis, but instead are estimates based on the position data.

**Treatment of Equity Capital:** The data cover all types of financial flows affecting equity capital: (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks (including participating preference shares), and (iv) non-cash acquisitions of equity, such as through the provision of capital equipment. In accordance with the international standards, the data include equity transactions between affiliated banks and between affiliated financial intermediaries.

**Treatment of Other Capital:** The data cover: (i) long-term loans, (ii) short-term loans, and (iii) financial leases. The data do not cover: (i) bonds and money market instruments, (ii) trade credits, and (iii) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) transactions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. Contrary to the international standards, the data (i) include transactions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities, and (ii) exclude transactions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks. In accordance with the international standards, the data include transactions associated with permanent debt between affiliated financial intermediaries.

**Treatment of Reverse Investment:** Transactions involving reverse investment are not treated in accordance with the international standards in most instances. 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 and loan transactions are recorded as “Direct Investment in Belgium: Increase in Claims on Direct investors”, rather than as “Direct Investment Abroad: Increase in Claims on Affiliated Enterprises”. 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 “Direct Investment in Belgium: Decrease in Liabilities to Direct Investors”, rather than as “Direct Investment in Belgium: Increase in



Claims on Direct Investors". However, in accordance with the international standards, loan transactions are recorded as "Direct Investment in Belgium: 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 Belgian residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

**Treatment of Offshore Enterprises:** In accordance with the international standards, activities of offshore enterprises established abroad by Belgian residents are generally included in the direct investment data.

**Treatment of Special Purpose Entities (SPEs):** In accordance with the international standards, activities of SPEs established abroad by Belgian residents are generally included in the direct investment data. Contrary to the international standards, in the case of SPEs established abroad by Belgian residents that have the sole purpose of financial intermediation, transactions with affiliated banks and affiliated financial intermediaries, except transactions in equity capital and permanent debt, are not excluded from the data.

**Treatment of Land and Buildings:** In accordance with the international standards, the data include purchases and sales of land and buildings abroad by Belgian resident enterprises and individuals.

**Treatment of Natural Resources Exploration:** Contrary to the international standards, the data do not include expenditure related to natural resources exploration abroad by Belgian residents.

**Exchange Rate Conversion:** Most transactions are converted to the unit of account at the average exchange rate in the period in which the transactions are recorded. Reinvested earnings are converted at the exchange rate prevailing at the end of the period in which they are recorded.

**BELGIUM: DIRECT INVESTMENT ABROAD**  
**INTERNATIONAL INVESTMENT POSITION (“POSITION DATA”)**

**A. Compilation Practices and Data Sources**

**Data Availability:** Preliminary annual (calendar year) data on (i) equity capital and reinvested earnings, and (ii) other capital, are disseminated with a timeliness of 9 months after the end of the reference period. The data for reinvested earnings have been disseminated only since 2001.

**Revision Policy:** The preliminary data are revised 12 months after they are first released. At that time the data are generally considered to become final (that is, 21 months after the end of the reference period). However, the data can be further revised one year later (that is, 24 months after they are first released, and 33 months after the end of the reference year). Consideration is being given to revising the data 9 months after they are first released (that is, 18 months after the end of the reference year) in the future, to incorporate the preliminary data obtained from the annual enterprise survey.

**Data Coverage:** No major industrial sectors are excluded from the data.

**Data Collection Methods:** Reporting requirements are compulsory.

**Data Sources:** The data are compiled from an international transactions reporting system (ITRS) using the perpetual inventory method (a method for deriving position data from transactions data), with adjustments for price changes and exchange rate changes. Information from an annual enterprise survey of residents with direct investment enterprises abroad is used at present as a secondary data source only to validate the data from the ITRS. The annual enterprise survey will be used as the sole data source at some point in the future, and at that time the data from the ITRS will be used as a checking tool only. A business register of enterprises involved in direct investment is maintained. This register is updated on an ongoing basis using information from (i) the ITRS's list of transactors, (ii) registers maintained by other departments within the National Bank of Belgium, and (iii) the financial press.

**Geographic Classification:** Not applicable. Data showing breakdowns by country or by region and economic zone are not compiled.

**Industrial Classification:** Not applicable. Data showing breakdowns by industrial sector are not compiled.

**B. Methodology**

**Definition of Direct Investors Abroad:** In accordance with the international standards, the basic criterion for defining direct investors abroad is 10 percent ownership of a nonresident enterprise by a resident investor, regardless of whether the investor has an effective voice in management. However, the data also include enterprises in which the nonresident investor owns less than 10 percent but has an effective voice in management, as evidenced by representation on the Board of Directors and/or participation in policy-making. No value threshold is used to identify direct investors abroad in the ITRS data, but a threshold of BEF 100 million is used for the survey data. Unincorporated enterprises are not treated differently from incorporated enterprises in the ITRS data, but are excluded from the survey data.

**Treatment of Indirectly-Owned Direct Investment Enterprises:** The “Fully Consolidated System” (FCS) recommended in the international standards is not applied. Specifically, the relevant share of indirectly-owned direct investment enterprises is not included in (i) the reinvested earnings data, and (ii) the equity and other capital position data. Enterprises in Belgium are required by law to produce consolidated accounts covering their subsidiaries and associates, either domestic or foreign, but are not required by law to identify all transactions with the parent company.

**Treatment of Equity Capital and Reinvested Earnings:** The data cover all types of position data affecting equity capital and reinvested earnings, namely, (i) listed voting stocks (shares), (ii) unlisted voting stocks, (iii) other non-voting stocks, including participating preference shares, (iv) non-cash acquisitions of equity, such as through the provision of capital equipment, and (v) reinvested earnings. In accordance with the international standards, the data include equity positions between affiliated banks and between affiliated financial intermediaries. The reinvested earnings data cover both incorporated and unincorporated enterprises, and, in accordance with the international standards, are recorded in the period in which they are earned. (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 data cover: (i) long-term loans, (ii) short-term loans, and (iii) financial leases. The data do not cover: (i) bonds and money market instruments, (ii) trade credits, and (iii) financial derivatives. In accordance with the international standards, the data exclude (i) loans merely guaranteed by direct investors or related direct investment enterprises, (ii) changes in insurance company technical reserves, and (iii) positions between affiliated banks involving deposits, loans, and other claims and liabilities related to usual banking activities. Contrary to the international standards, the data (i) include positions between affiliated financial intermediaries involving claims and liabilities related to usual financial intermediation activities, and (ii) do not include positions associated with permanent debt (that is, loan capital representing a permanent interest) between affiliated banks, except in specific well-identified cases, such as subordinated loans between a parent company and its “daughter” company. In accordance with the international standards, the data include positions associated with permanent debt between affiliated financial intermediaries.

**Treatment of Reverse Investment:** Positions involving reverse investment are not treated in accordance with the international standards in most instances. 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 and loan positions are recorded as “Liabilities: Direct Investment in Belgium: Claims on Direct investors”, rather than as “Assets: Direct Investment Abroad: Claims on Affiliated Enterprises”. 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 “Liabilities: Direct Investment in Belgium: Liabilities to Direct Investors”, rather than as “Liabilities: Direct Investment in Belgium: Claims on Direct Investors”. However, in accordance with the international standards, loan positions are recorded as “Liabilities: Direct Investment in Belgium: 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 Belgian residents of (i) mobile equipment, such as ships, aircraft, and drilling rigs, and (ii) construction enterprises.

**Treatment of Offshore Enterprises:** In accordance with the international standards, activities of offshore enterprises established abroad by Belgian residents are generally included in the direct investment data.

**Treatment of Special Purpose Entities (SPEs):** In accordance with the international standards, activities of SPEs established abroad by Belgian residents are generally included in the direct investment data. Contrary to the international standards, in the case of SPEs established abroad by Belgian residents that have the sole purpose of financial intermediation, positions with affiliated banks and affiliated financial intermediaries, except positions involving equity capital and permanent debt, are not excluded from the data.

**Treatment of Land and Buildings:** In accordance with the international standards, the data include ownership of land and buildings abroad by Belgian resident enterprises and individuals.

**Treatment of Natural Resources Exploration:** Contrary to the international standards, the data do not include expenditure related to natural resources exploration abroad by Belgian residents.

**Valuation:** In accordance with the international standards, the data are recorded at market values.

**Exchange Rate Conversion:** The average exchange rate in the month in which the original transactions were recorded is used to convert foreign currencies to the unit of account.