



QUALITY REPORTS CONCERNING STATISTICS UNDERLYING THE MACROECONOMIC IMBALANCE PROCEDURE (MIP) INDICATORS - Level 3

National self-assessment report on the quality of balance of payments and international investment position statistics¹

September 2015

1. INSTITUTIONAL ENVIRONMENT

1.1. CoP1 Professional Independence / PC1 Professional Independence

1.1.1 Legal basis

The Banco de Portugal is governed by its Organic Law², which states in its article 3 that as an integral part of the European System of Central Banks (ESCB) “*The Bank shall pursue the objectives and participate in the performance of the tasks entrusted to the ESCB and shall be subjected to the provisions of the Statute of the ESCB and of the European Central Bank, hereinafter called “ESCB/ECB Statute”, acting in accordance with the guidelines and instructions of the European Central Bank, hereinafter called “ECB”, pursuant of the same Statute”*”.

The independence of the Banco de Portugal, in its capacity as a member of the ESCB, is further emphasized in Article 130 of the European Union (EU) Treaty and Article 7 of the ESCB/ECB Statute, which stipulate that “*when exercising the powers and carrying out the tasks and duties conferred upon them (...), neither the ECB nor a national central bank nor any member of their decision making bodies shall seek or take instructions from Community institutions or bodies, from any government of a Member State or from any other body. The Community institutions and bodies and governments of the Member States undertake to respect this principle and not to seek to influence the members of the decision making bodies of the ECB or of the national central banks in the performance of their tasks.*”

The Law for the National Statistical System (Law n. 22/2008 of 13 May 2008), which considers the Banco de Portugal as a national statistical authority, also states on its paragraph 5 that statistics are to be produced with technical independence, taking into account guidance provided by the European statistical system or by the Portuguese

¹ This publication is made by the Banco de Portugal, in the context of the general framework on quality in statistics that has been adopted by the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB).

² Organic Law: <http://www.bportugal.pt/en-US/OBancoeoEurosistema/MissaoeFuncoes/LeiOrganica/Documents/lorganica-en.pdf>



statistical system. And further refers that this independence shall enable the competent authorities to freely define compilation procedures and dissemination standards.

1.1.2 Statistics work programme

The Banco de Portugal has a statistical work programme that is published in its website (for the 2015 work program, please see “Statistical Work Program”³, available only in Portuguese). The same document can also be found in the national statistical coordination entity (Conselho Superior de Estatística – Statistical Council-Portugal) website⁴.

1.2. CoP2 Mandate for data collection/PC2 Mandate for data collection

1.2.1 Allocation of responsibilities

The Organic Law of the Banco de Portugal in its article 13 states “*The Bank shall ensure the collection and compilation of (...) balance of payments statistics, particularly, within the scope of its co-operation with the ECB.*”

Further, the Law for the National Statistical System⁵ considers the Banco de Portugal as a national statistical authority that shall pursue the nationwide statistical obligations without putting in jeopardy its commitment to the ESCB requirements, referring, at the same time, that the Banco de Portugal is the entity responsible for the compilation and the dissemination of these statistical domains.

1.2.2 Legal basis

Both the Banco de Portugal Organic Law and the Law for the National Statistical System foresee the role of the Banco de Portugal in collecting, compiling and disseminating Balance of Payments and International Investment Position Statistics.

1.3. CoP6 Impartiality and objectivity / PC6 Impartiality and objectivity

1.3.1 Advance release calendar

An advance release calendar is available in:

³ <http://www.bportugal.pt/pt-PT/Estatisticas/Documents/Plano%20Atividade%20Estatistica%20BP%202015.pdf>

⁴

http://cse.ine.pt/xportal/xmain?xpid=CSE&xpgid=cse_documentos_a&cse_docs_menu=40650379&combo_40650527=227142400&combo_42866787=

⁵ Law for the National Statistical System (Lei 22/2008, 13 May 2008 – only in Portuguese):
<https://www.bportugal.pt/pt-PT/Legislacaoenormas/Documents/Lei22ano2008.pdf>



- The annual statistical program - disclosed in November of the preceding year at the Banco de Portugal and at Statistical Council-Portugal websites.
- The Banco de Portugal website (for the calendar for the statistical bulletin - <http://www.bportugal.pt/en-US/Estatisticas/Pages/CalendarioPrincipaisIndicadores.aspx> - and for the Banco de Portugal statistical data warehouse, BPSTAT - http://www.bportugal.pt/en-US/Estatisticas/Documents/Calendario_BPSTAT_EN.pdf).

These calendars distinguish monthly from quarterly disclosure of Balance of Payments and International Investment Position Statistics.

1.3.2 Revision policy

The standard procedure assumes that data can be revised during the four subsequent years, taking into account: new source data; refreshment of estimation procedures; additional information on major events; or alignment with other statistical domains, namely national accounts. This revision policy is also described in a document available in the Banco de Portugal website⁶ and is fully aligned with the Committee on Monetary, Financial and Balance of Payments Statistics (CMFB) revision policy.

On February and August production rounds (which have as reference periods December of $y-1$ and June of y , respectively) revisions consider periods within the four preceding reference years. At the end of reference quarters 1 and 3 of each year, the data for the months within the quarter are refreshed. For other reference periods no revision of the data is performed.

Ad hoc revisions can be launched whenever methodological changes are adopted or interpretation of current reference manuals led to meaningful changes in the available data.

The Banco de Portugal follows a user friendly communication policy, which keeps as much as possible users informed of major revisions on the disclosed data. Regarding the changeover to the BPM6 (and also to ESA2010) the Banco de Portugal included dedicated documents describing methodological changes and impacts on the available data in its website (please refer to documents in 'Methodological changes'⁷).

⁶ Banco de Portugal revision policy: <http://www.bportugal.pt/en-US/Estatisticas/MethodologiasenomenclaturasEstatisticas/Documents/Policy%20revisions.pdf>

⁷ Methodological changes: <http://www.bportugal.pt/en-US/Estatisticas/MethodologiasenomenclaturasEstatisticas/AlteracoesMetodologicasSEC2010BPM6/Page/AlteracoesMetodologicasSEC2010BPM6.aspx>



2. STATISTICAL PROCESSES

2.1. *CoP7 Sound methodology / PC7 Sound methodology*

2.1.1 *General remarks*

The Portuguese Balance of Payments and International Investment Position Statistics are consistent with the International Monetary Fund's (IMF) Balance of Payments Manual, sixth edition (BPM6) framework. This revised standard is also binding for the EU member states by virtue of a Commission Regulation and by an ECB Guideline that specifies the reporting requirements for Eurosystem national central banks vis-à-vis the ECB.

The statistical methods underpinning Portuguese data contribution to the EU aggregates are published in the ECB's Balance of Payments/International Investment Position Statistical Methods, which is regularly updated. The Portuguese Balance of Payments documentation on compilation practices is also included in the IMF's Balance of Payments Statistics Yearbook (BOPSY), reviewed and updated by the Banco de Portugal as required by the IMF BOPSY annual production procedures. A detailed description of the Portuguese Balance of Payments and International Investment Position compilation system can also be found within the metadata description of the IMF's SDDS Plus⁸.

Furthermore, Banco de Portugal has released on its website a reference manual for the Portuguese Balance of Payments and International Investment Position Statistics, which are compiled and disseminated by the Banco de Portugal. A revised version of this document was disclosed taking into account the recent changeover to the new international standards (BPM6) and the introduction of a new national collection system.

2.1.2 *Residency*

The Portuguese Balance of Payments and International Investment Position Statistics follow the BPM6 residency definition. This sets that for an economic agent to be considered as a resident within the Portuguese economy it has to have its main centre of economic interest in the national economy for more than one year.

In this context Portuguese economy comprises the geographical area under the management of the Portuguese government, *i.e.* it includes the Portuguese territory, aerial and maritime areas under the Portuguese control, and any Portuguese enclaves abroad like embassies or consulates.

Taking this into account, Portuguese resident agents comprise: natural persons living in Portugal for more than one year, even if they have foreign nationality and including the Portuguese staff at national foreign embassies; enterprises incorporated in Portugal; border, seasonal or temporary works that remain with their living address within the

⁸ SDDS Plus: <http://dsbb.imf.org/Pages/SDDS/CtyCtgList.aspx?ctycode=PRT>



Portuguese territory; national residents when they leave the Portuguese territory for health or education related issues, even if absence is for more than one year.

International organisations are always to be considered as non-residents, independently of their location.

2.1.3 Institutional unit definition

Resident institutional units are defined in conformity with BPM6 as those that have a centre of predominant economic interest in Portugal.

2.1.4 Sectorisation & sector definition and delimitation

The classification and sectorisation used to compile the Portuguese Balance of Payments and the International Investment Position follow what is defined in the BPM6, which is coherent with what is set forth for national accounts ESA2010 compliant.

This procedure groups together institutional units that have similar objectives and economic behaviours.

The relevant institutional sectors for external statistics are: central bank; other monetary financial institutions; other financial intermediaries and financial auxiliaries, except insurance companies and pension funds; insurance companies and pension funds; general government; non-financial corporations; and households.

2.1.5 Valuation

In general, the valuation used in Balance of Payments and International Investment Position Statistics is based on market prices.

For Balance of Payments, market prices correspond to actual transaction prices. For goods and services this corresponds to free on board (FOB) valuation. Notwithstanding, these prices should always exclude handling, transaction fees or taxes.

2.1.6 Time of recording (accrual accounting)

The Portuguese Balance of Payments and International Investment Position Statistics follow the accrual basis principle. Therefore, operations are considered whenever the effect is due, independently of its settlement. Further, registers in this framework take into account the economic change of ownership.

2.1.7 Coverage gaps & deviations

Globally, Portugal fully implemented BPM6 recommendations.



Regarding households' deposits held abroad they are estimated and subsequently revised taking into account Bank of International Settlements (BIS) sharing arrangements, which recently evolved to stage 2 that permits sector breakdown of the private non-banking sector.

2.2. CoP8 Appropriate Statistical procedures / PC8 Appropriate Statistical procedures

2.2.1 Main features

The Banco de Portugal system to compile External Accounts follows an integrated approach where Current and Capital Accounts, Financial Account and International Investment Position are compiled jointly and consistently. This procedure ensures vertical consistency and thus minimises Errors and Omissions and guarantees that stocks and flows are coherent.

The compilation procedure relies on several sources besides direct reporting for this statistical domain. The complementary sources not only cover gaps but are also used for quality control of the former.

The system relies on:

- ❖ Direct reporting by economic agents for this domain:
 - Monthly report of transactions and positions with non-resident counterparts – incorporated entities with external relations (amounts paid plus amounts received) of an amount exceeding € 100 000 per year have to report monthly all operations with non-residents classified according to BoP nomenclature together with information about the residency of the counterpart and the currency underlying the operation. Also within this report these agents have to transmit end of month positions on deposits, loans and trade-credits and advances.
 - Monthly report of settlements through the resident banking system – national monetary financial institutions have to report to the Banco de Portugal on a monthly basis liquidation operations from residents to non-residents together with operations from non-residents with residents.
 - Transactions and positions survey on financial derivatives – it is a monthly report to the Banco de Portugal made by monetary financial institutions and social security funds with information on transactions and end of period positions on financial derivatives of own and clients operations with non-residents.
- ❖ Other sources, namely the following:
 - Securities Statistics Integrated System – it is a Banco de Portugal statistical database with security-by-security and investor-by-investor information



(except for households that is only available on an aggregated basis) which is used to obtain monthly information on issues by resident agents, together with end of period holdings on securities issued by residents and holdings of residents on securities issued by non-residents.

- International trade statistics – a National Statistical Institute statistical domain which deals with data on international trade in goods. This considers two different procedures: on one hand intra-EU trade which is based on the Intrastat; on the other rest-of-the-world trade that relies on administrative sources (customs forms).
- Centralized Securities Database (CSDB) – an Eurosystem database with detailed information on securities.
- Central Balance-sheet database – it is a Banco de Portugal database with non-financial corporations' quarterly and annual accounting data. This database is feed with information from: the annual Simplified Corporation Information system that merges requirements on corporations' annual accounts for fiscal, registry and statistical purposes; a survey jointly managed with the national statistical institute with quarterly accounting information.
- Administrative information from fiscal authorities – the Portuguese fiscal authorities deliver to the Banco de Portugal information on foreign income received by residents.
- Monthly information on uses of payment cards and of transfers – this block of information comes from the Payments Department of the Banco de Portugal and is used for both tourism and private transfers compilation areas.

Monthly periodicity is central for the external statistics, being quarterly and annual values mostly derived from the former. Therefore, consistency across the different periodicities is ensured by default.

2.2.2 Country specific aspects

Banco de Portugal disseminated on its website a revised document describing in detail the current Balance of Payments and International Investment Position Statistics concepts and compilation procedures.

A detailed description of the methods used in the Balance of Payments and International Investment Position Statistics can also be found in the SDDS Plus metadata.



3. STATISTICAL OUTPUT

3.1. *CoP11 Relevance / PC11 Relevance*

Taking into account the Portuguese duties as a member of the European Union and of the Euro Area, the Banco de Portugal' Balance of Payments and International Investment Position Statistics are used to fulfil these requirements. On one hand towards the ECB through the fulfilment of ECB Guideline ECB/2011/23 requirements, as amended by Guideline ECB/2013/25, on the other towards the European Commission by complying with the requests of Regulation EC 184/2005, as amended by Regulation 555/2012.

Further the Banco de Portugal statistics are used to deliver the required data to other international organisations like the IMF, World Bank, BIS and Organisation for Economic Co-operation and Development (OECD).

At national level all regularly requested data from this domain can be easily accessed from the Banco de Portugal statistical warehouse. Though this channel has a high level of detail, the Balance of Payments and International Investment Position Statistics Division receives regularly specific requests from the Government, from Embassies or even from other Departments within the Banco de Portugal, namely the Economics and [Research Department](#). It should be noted that these statistics are considered highly relevant for monetary policy analysis and for the delineation and evaluation of impacts of economic measures, both at national as well as at sectorial level.

Further, the Balance of Payments and International Investment Position Statistics Division cooperate with other statistical divisions of the Banco de Portugal and with other national statistical authorities in order to enhance the quality of external statistics and the overall quality of Portuguese statistics.

A main use of the output of External Statistics is for the compilation of National Accounts (non-financial and financial). For the specific case of Financial Accounts, for which the Banco de Portugal is liable, there is consistency between the two domains.

3.2. *CoP12 Accuracy and reliability / PC12 Accuracy and reliability (including stability)*

Taking into account the Eurostat quality report on Balance of Payments, International Trade in Services and Foreign Direct Investment (FDI) Statistics for 2014, the Portuguese data is accurate and reliable.

3.2.1 *Revisions*

Regarding mean values of revisions the Portuguese data is subjected to a low level of revisions for Current and Capital Accounts, Financial Account and International Investment Position. Some revisions were found on monthly direct investment and primary income. In any case the directional reliability is not affected.



The same type of conclusions were also reached by Banco de Portugal internal statistical audit for data up to 2014: some revisions on primary income, direct investment asset side and errors and omissions were found; the other major components of Balance of Payments and International Investment Position Statistics did not showed significant revisions.

3.2.2 Errors and omissions and integrity rules

The system developed by the Banco de Portugal to compile External Statistics minimises Errors and Omissions by having an integrated compilation procedure, which guarantees coherency between Current and Capital Accounts, Financial Account and International Investment Position.

Taking into account the aforementioned Eurostat quality report Portuguese data has average relative errors between 0% and 1% between 2009 and 2013. Further the cumulative relative errors and omissions remain at 0% for years 2011, 2012 and 2013.

According to Banco de Portugal internal statistic audit report, errors and omissions have been kept within the limits of Current Account turnover where the limit was set at 3% of the turnover value.

3.3. CoP13 Timeliness and punctuality / PC13 Timeliness (including punctuality)

3.3.1 National requirements

A. Balance of Payments

The Banco de Portugal disseminates monthly and quarterly Balance of Payments Statistics. The actual publication date of Balance of Payments is available at the institutional website in the following addresses:

- for the statistical bulletin: <http://www.bportugal.pt/en-US/Estatisticas/Pages/CalendarioPrincipaisIndicadores.aspx> ;
- and for the Banco de Portugal statistical data warehouse - BPSTAT: http://www.bportugal.pt/en-US/Estatisticas/Documents/Calendario_BPSTAT_EN.pdf).

B. International Investment Position

Data are available on a quarterly basis 5-6 weeks after the end of the reference period. The same addresses referred on the above paragraph can also be used to pinpoint the precise release calendar of these statistics.



3.3.2 EU and other international requirements

Portugal met all timeliness requirements from international institutions (ECB, Eurostat, IMF, OECD and BIS).

Portugal is also an adherent of the Special Data Dissemination Standard (SDDS) Plus – the highest tier of the Fund’s Data Standards Initiatives.

3.4. CoP14 Coherence and comparability / PC14 Consistency and comparability

3.4.1 Bilateral asymmetries

In the case of FDI, there are some identified asymmetries which are mainly due to methodological practices. Besides, Portugal analysis carefully the cross-country checking and uses the FDI Network to deal and discuss identified asymmetries.

3.4.2 Consistency with related statistics

Conceptually, data are consistent for foreign trade, external debt, International Investment Position (IIP), Balance of Payments data, and the rest-of-the-world account (non-financial and financial national accounts); in practice, differences may occur due to different data sources or revision practices.

As Balance of Payments use foreign trade as the main source for the compilation of the goods account, there is a good correlation between the two domains. However due to methodological differences adjustments are made on the latter. In any case generally there is a directional consistency between the two statistics even if temporary differences occur due to different revision policies.

3.4.3 “Time” and back data consistency

Consistent time series are made available to the users as far backwards as possible, partly dating back to January 1996. Breaks in the time series have occurred, in some instances, when changes in source data, methodology, or statistical techniques could not be reconstructed backwards owing to the lack of data. This is the case, for example, for a number of detailed breakdowns that were implemented with BPM6 methodology.

3.4.4 Consistency across frequencies

Portuguese quarterly and annual Balance of Payments data are derived by aggregating monthly data. Generally, the underlying concepts, definitions, and classifications are therefore identical across series of differing periodicity.



3.5. CoP15 Accessibility and Clarity / PC15 Accessibility and Clarity

3.5.1 Data

A. Balance of Payments

The Banco de Portugal publishes monthly all updates made on the Balance of Payments domain.

Nationally Banco de Portugal disseminates the output of this statistical system through the following channels:

- Statistical bulletin⁹ and Chronological dataset on the statistical data warehouse¹⁰ (BPstat | Statistics Online) – full available time span for: main items, seasonal and non-seasonal adjusted; details of the Current, Capital and Financial Accounts, as well as the International Investment Position and external debt (gross and net).
- Multidimensional dataset on the statistical data warehouse¹¹ (BPstat | Statistics Online) – full available time span for data that results from using several dimensions, for instance: BoP/IIP item, institutional sector, and counterpart country.

B. International Investment Position

The periodicity of International Investment Position Statistics is quarterly. Banco de Portugal uses the same aforementioned channels to disseminate also the International Investment Position data.

3.5.2 Metadata

As referred above, Banco de Portugal published a refreshed methodological document on the Portuguese system to compile Balance of Payments and International Investment Position.

Further on the Banco de Portugal statistical data warehouse there is also metadata available related to the information on request.

⁹ Statistical bulletin: <http://www.bportugal.pt/en-US/Estatisticas/PublicacoesEstatisticas/BolEstatistico/Pages/BoletimEstatistico.aspx>

¹⁰ Chronological dataset on the statistical data warehouse:
[http://bpstat.bportugal.pt/EstatisticasWeb/\(S\(5tdcel55yzc3jfe35nc2nv55\)\)/SeriesCronologicas.aspx](http://bpstat.bportugal.pt/EstatisticasWeb/(S(5tdcel55yzc3jfe35nc2nv55))/SeriesCronologicas.aspx)

¹¹ Multidimensional dataset on the statistical data warehouse:
[http://bpstat.bportugal.pt/PAS/sem/src/\(S\(wab1lij04sbsku45rlqrhpek\)\)/selecAnalise.aspx?Token=58164BD6-D561-4B82-A69C-5B6DB70CC6CF](http://bpstat.bportugal.pt/PAS/sem/src/(S(wab1lij04sbsku45rlqrhpek))/selecAnalise.aspx?Token=58164BD6-D561-4B82-A69C-5B6DB70CC6CF)