Methodological note

Unless otherwise indicated, when data are compared from year to year, they all relate to the same period of the years in question. In the tables, the totals shown may differ from the sum of the items owing to rounding.

In order to provide an update on various key economic data relating to Belgium in the year 2014 as a whole, it was necessary to make estimates, as the statistical material for that year is sometimes still fragmentary. In the tables and charts, these estimates, which were finalised at the end of January 2015, are marked "e". They represent mere orders of magnitude intended to demonstrate the trends which already seem to be emerging. The Belgian sources used are mainly the NAI, the DGS and the Bank. The comments on the international environment and the comparisons between economies are usually based on the latest data or estimates originating from institutions such as the EC, the IMF, the OECD and the ECB.

The monetary unit used in the Report for the data concerning the euro area member countries is the euro. Amounts relating to periods before the introduction of the euro, on 1 January 1999 for Belgium and for most of the member countries, are converted at the irrevocable euro conversion rates. Except in the chapters on monetary policy and prices, where the definition coincides with the historical reality, the euro area is defined wherever possible in this Report as consisting of all the EU countries which adopted the single currency during the period 1999-2014. Apart from Belgium, the area therefore consists of Austria, Cyprus, Estonia, Finland, France, Germany, Greece, Ireland, Italy, Latvia, Luxembourg, Malta, the Netherlands, Portugal, Slovakia, Slovenia and Spain. For convenience, the term "euro area" is also used to designate this group of countries for periods prior to the start of Stage 3 of EMU. For some analyses, the preferred source was the OECD which includes in the euro area only the countries which are members of that international institution, i.e. excluding Cyprus and Malta. In view of the small size of those economies, the OECD data are perfectly representative of the euro area as a whole.

In September 2014, the new European standard ESA 2010 for calculating national accounts came into force; it replaces the ESA 95, introduced from 1998. This methodological revision falls under the international guidelines of the System of National Accounts – 2008 – (SNA 2008), drawn up jointly by the United Nations, the IMF, Eurostat, the OECD and the World Bank. Concomitantly, the sixth version of the IMF's manual on methodology for the balance of payments and the net international investment position also came into force in 2014. Moreover, in Belgium as in the other countries, implementation of these new methodologies also provided an opportunity to make some other improvements to the national statistics.

Generally speaking, the principles and the overall structure of the accounts have been preserved under the new methodology. The amendments are designed to better reflect the changes that economies are going through. Although the NAI has already set out these changes in detail, it seems appropriate to comment on the main new features [1].

– Capitalisation of R&D expenditure

Under the ESA 2010, the results of R&D activities are considered as produced assets, rather than intermediate consumption. Therefore, they come into both the creation of value added and form part of investment. Among a host of other smaller changes, such as the inclusion in the national accounts of illegal activities and the revision of estimations for the black market economy, this is the biggest factor in the revision of the level of GDP. Overall, for recent years, GDP has been revised upwards by about 3 %.

– Adaptation of the classification of financial corporations.

In the national accounts and the financial accounts, the financial sector now has a wider sub-classification. It comprises a new sub-sector entitled "captive financial institutions and non-institutional money lenders", which groups together, for example, holding companies and private equity firms (also called "treasury centres"), which are now quite distinct from head offices. As illustrated in Box 6 of the Economic and Financial Developments part of this Report, this change has major repercussions for financial statistics – notably the calculation of debt ratios –, because it gives rise to a transfer of financial assets and liabilities from the non-financial corporations sector to the financial corporations sector.

– Wider definition of the boundary of general government.

The ESA 2010, as well as the Manual on Government Debt and Deficit, clarifies several issues relating to general government and public corporations. In particular, the use of qualitative criteria to decide on the classification of market and non-market activities has led to an increase in the number of units classified under the general government sector. With more complete data available from the Regions and Communities, as well as local authorities, the NAI has reclassified almost 700 units in the general government sector. This mainly concerns units involved in financing social housing, local authority associations, autonomous municipality-owned utilities and other local public enterprises. These reclassifications, related to the ESA 2010 and also to other occasional revisions, along with some other changes, including those mentioned in the following indent, have had the effect of raising the level of the public debt by around 8 % of GDP in 2013. Taking account of the concomitant upward revision of GDP, the ratio of public debt to GDP has been revised upwards by about 4.5 % of GDP. The impact on the financing balance of general government as a result of widening the boundary is nevertheless limited.

– Changes in the treatment of various government transactions.

In net terms, they have had the effect of reducing the financing balance of general government by some 0.3 % of GDP in 2013, mainly because of the recording of conditional investment aid at the moment the payment obligation arises, rather than at the time of the actual payment.

– Changes in the presentation of the balance of payments current account.

Various changes have been made to the method of accounting for certain transactions with the rest of the world (for example as regards merchanting or goods sent abroad for processing). Likewise,

(1) NAI (2014) ESA 2010 – The new reference framework for the national accounts, September.
http://www.nbb.be/doc/dq/en_method/M_ESA2010_EN.pdf

the old factor income and transfer accounts have been restructured according to a presentation in line with that uses for the national accounts. These various adaptations barely affect the current account balance in the balance of payments. However, they have led to shifts between the headings under the current account balance and gross flows of revenue and expenditure.

As far as possible, this Report has made use of the statistics compiled using the new methodology standards and the resultant definitions. In Belgium's case, these data are available back to the year 1995 for the national accounts and the general government sector accounts, to 1999 for the quarterly financial accounts and 2008 for the balance of payments. Wherever necessary, figures have been retropolated for earlier periods.

For the sake of simplicity, the sectoral breakdown groups together, under the heading "individuals", households and non-profit institutions serving households, which constitute separate sectors according to the ESA 2010 methodology. Nevertheless, the terms "individuals" and "households" are used as synonyms. The terms "corporations" and "enterprises" are also frequently used as synonyms, whereas in the commentary from the GDP expenditure angle, "enterprises" also covers self-employed people, who are included under households in the real and financial sectoral accounts.

In the section devoted to the international environment, the presentation is also consistent with the ESA 2010 or its equivalent, the SNA 2008. Nevertheless, the statistics from the sources to which reference is made in the Report, usually the EC and the OECD, are not always uniform, because the periods for which the methodological revision or the conversions from one system to the other have been carried out still vary greatly from one country to another.