STATISTICS DENMARK

Documentation of statistics for Balance of Payments 2017 Month 12

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1 Introduction

The balance of payments describes the economic movements between Denmark and the rest of the world. The balance of payments for Denmark has been compiled since 1934. Today the main emphasis is placed upon income and expenditures in relation to foreign countries. Originally the most important item was the foreign debt, which is compiled as part of the International Investment Position (IIP) - Denmark's external assets and liabilities. Since 1991 the IIP has been compiled by Danmarks Nationalbank. The balance of payments statistics are compiled in cooperation between Danmarks Nationalbank and Statistics Denmark, the latter being responsible for publishing the consolidated statistics.

2 Statistical presentation

The balance of payments records the value of the economic transactions which are made within a given period between the Danish balance of payments area and the rest of the world.

2.1 Data description

The balance of payments records the value of the economic transactions which are made within a given period between the Danish balance of payments area and the rest of the world. Until September 2000 the account also covered the Faroe Islands and Greenland, but since then it has only covered Denmark. The balance of payments can be divided into three main accounts: the current account showing income and expenditure, the capital account and the financial account showing how a deficit/surplus on current account is financed/spent or transactions within these two accounts. The following main items are entered under current account: goods, services, income, and current transfers. The most frequently used statistical measure is the current account balance sometimes also referred to as the balance of payments surplus or deficit.

2.2 Classification system

The classifications of the balance of payments follow The Balance of Payments Manual, which is published by the IMF in 2009 (BPM6). The geographical distribution follows the Eurostat guidelines on that subject.

2.3 Sector coverage

Not relevant for these statistics.

2.4 Statistical concepts and definitions

Resident business: A resident business enterprise is either a Danish enterprise in Denmark or a foreign enterprise which has been engaged or intends to be engaged in economic activities in Denmark. This means that branches or subsidiaries in Denmark of non-resident enterprises are regarded as resident enterprises, while branches or subsidiaries of resident Danish enterprises abroad are regarded as non-resident enterprises.

Resident person: A resident person is a Dane resident in Denmark or a foreign citizen who is resident in Denmark and who intends to be a resident in Denmark for at least one year. Students and patients remain residents of their home countries though.

2.5 Statistical unit

Not relevant for these statistics.

2.6 Statistical population

All residents in Denmark engaged in an economic activity with foreign residents.

2.7 Reference area

The statistics record the economic transactions by Danish residents with residents of the rest of the world.

2.8 Time coverage

The balance of payments for Denmark has been compiled since 1934.

2.9 Base period

Not relevant for these statistics.

2.10 Unit of measure

The statistics are compiled in DKK.

2.11 Reference period

01-12-2017 - 31-12-2017

2.12 Frequency of dissemination

Information about the balance of payments is published monthly at an aggregated level and quarterly at a less aggregated level.

2.13 Legal acts and other agreements

Data originates from other statistics. The European Parliament and Council Regulation (EC) No 184/2005 of 12 January 2005 on Community statistics concerning balance of payments, international trade in services and foreign direct investment (OJ L 35 08.02.05) is applied.

2.14 Cost and burden

There is no direct response burden since data originates from other statistics.

2.15 Comment

Balance of payments and the International investment position .

3 Statistical processing

Data originates from other statistics. Some of the sources are used as they stand while others are used as indicators of development.

3.1 Source data

The statistics are prepared on the basis of the foreign trade statistics, cf. External trade in goods and International trade in services, and furthermore financial statistics of Danmarks Nationalbank (the Danish central bank) and information from public authorities, cf. General Government Finances. Supplementary information from other statistics is used, and supplementary information is collected with the International trade in services. Some of the sources are used as they stand while others are used as indicators of development.

3.2 Frequency of data collection

Not relevant for these statistics.

3.3 Data collection

Not relevant for these statistics.

3.4 Data validation

The data received from other statistics are summarily reviewed. At suspicion of deficiencies the suppliers of the data are contacted with the aim of getting possible amendments rapidly.

3.5 Data compilation

The balance of payments is compiled on a monthly basis every month. To the extent that information for the month concerned is unavailable projections are conducted based on information from earlier months or earlier quarters or years. Quarterly and annual information is also used for imputations of monthly figures when such are not directly available.

3.6 Adjustment

Seasonal adjustment is applied on the main items of the current account. Indirect seasonal adjustment is used in the calculation of the other seasonally adjusted figures. Data is seasonally adjusted using X-12-ARIMA with fixed model examined once a year. There will be adjusted for Easter, trading days and leap years if these effects are significant. There is no special adoption of the annual figures, and there can be discrepancies between actual and seasonally adjusted figures annually.

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4 Relevance

The publication of balance of payments statistics in general and of the monthly figures in particular calls great public interest.

4.1 User Needs

Traditionally, the balance of payments statistics form part of the most important background information in the planning of the economic policy of the country. Thus, one important user is the Ministry of Finance. The balance of payments statistics is used in the compilation of the national accounts. The balance of payments statistics constitutes Denmark's contribution to the compilation of the EU Balance of payments.

4.2 User Satisfaction

User Satisfaction is not measured.

4.3 Data completeness rate

The publication of data in the Danish balance of payments is largely compatible with the EU requirements on data reporting. In some cases more detail is displayed; and in other cases, where statistical uncertainty is considered too big, aggregation is performed.

5 Accuracy and reliability

The compilation of the balance of payments is mainly based on other statistics. Accordingly, the accuracy of the balance of payments statistics is very much dependent upon these statistics. Most importantly, there will be some uncertainty attached to the first compilation of a given period, as some of the relevant information will not be available until later.

5.1 Overall accuracy

The transfer to new statistical sources and methods from January 2005 unavoidably incurred some transitional problems. Accordingly in a transitional period the uncertainty of the figures was higher than usually. In particular, this applied for the service item.

With the implementation of the new international guidelines (BPM6) in October 2014 some additional questions have been included in the questionnaire on international trade in services as from 2013. The new variables have made it possible to validate the information by comparing more directly vis-à-vis other statistical domains. Against that background, Statistics Denmark has mapped the foreign activities of selected larger Danish enterprises. The investigation has revealed a need to revise the Balance of Payments Statistics. Consequently Statistics Denmark will revise the statistics according to the results of this investigation, as well as due to some recently changes in existing data, in October 2016. The statistics will be revised back to 2005 and the figures will be published in October 2016. . More information on the revision and the investigation can be found on Balance of payments- current account and capital account

5.2 Sampling error

Not relevant for these statistics.

5.3 Non-sampling error

The balance of payments is compiled according to the double-entry system. Every transaction involves both a credit entry and a debit entry. The employment of this principle implies that the balance of payments, i.e. all three main accounts taken together, will always balance, any differences between the totals being attributable to statistical discrepancies, the so-called "errors and omissions".

As data originates from other statistics the errors that may be attached to these statistics will be repeated in the balance of payments. In particular there will be errors in the first compilations of a certain time period as some relevant information is not available by then.

5.4 Quality management

Statistics Denmark follows the recommendations on organisation and management of quality given in the Code of Practice for European Statistics (CoP) and the implementation guidelines given in the Quality Assurance Framework of the European Statistical System (QAF). A Working Group on Quality and a central quality assurance function have been established to continuously carry through control of products and processes.

5.5 Quality assurance

Statistics Denmark follows the principles in the Code of Practice for European Statistics (CoP) and uses the Quality Assurance Framework of the European Statistical System (QAF) for the implementation of the principles. This involves continuous decentralized and central control of products and processes based on documentation following international standards. The central quality assurance function reports to the Working Group on Quality. Reports include suggestions for improvement that are assessed, decided and subsequently implemented.

5.6 Quality assessment

Compared to balance of payments statistics in countries, which are comparable with respect to size and development, the Danish balance of payments statistics is considered to be of good quality. In its annual evaluation of quality the Commission has declared the statistics to be up to EU requirements.

5.7 Data revision - policy

Statistics Denmark revises published figures in accordance with the Revision Policy for Statistics Denmark. The common procedures and principles of the Revision Policy are for some statistics supplemented by a specific revision practice.

5.8 Data revision practice

After the first publication of the balance of payments, it is continuously adjusted, as supplementary or adjusted statistical material appears.

Property income from direct investment is projected on the basis of an aggregated estimate for the profit of the enterprise, as well as current information on distributed dividend. Data are not reported until up to 22 months after the end of the reference period. Data are published in October the year after the end of the reference period. Until then monthly data are based on estimated figures and therefore subject to more uncertainty than reported figures.

According to practice the data of the months of the previous year are locked by late September. Simultaneously the data of the preceding year are revised and locked again. The data of the latter year are revised again internally around January for being included in the final National Account compilations. These data are thus declared final the following September.

6 Timeliness and punctuality

The statistics are published every quarter approx. 40 days after the end of the reference period. Main results are published monthly approx. 40 days after the end of the particular month.

6.1 Timeliness and time lag - final results

The statistics are published every quarter approx. 70 days after the end of the reference period, preliminary figures, however, after approx. 40 days. Main results are published monthly approx. 40 days after the end of the particular month.

The statistics in full detail on an annual basis are published approx. 10 months after the reference year.

According to practice the data of the months of the previous year are locked by late September. Simultaneously the data of the preceding year are revised and locked again. The final revision is coincident with the final national account compilation three years after the reference year. The final results are published in October.

6.2 Punctuality

The balance of payments statistics are normally published without delays as to the preannounced dates, which are released at least three months ahead.

7 Comparability

The Danish balance of payments statistics are compiled according to the standards outlined in the IMF Balance of Payments Manual.

7.1 Comparability - geographical

The balance of payments statistics are compiled according to international standards. Accordingly they are comparable with the statistics of other developed countries.

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7.2 Comparability over time

Actual balance of payments statements have been prepared since 1934. From 1949 the statements have been adapted to the form used by the IMF with the limitations imposed by the primary statistical material. Up to 1997 there are very long series for the main items without any noticeable breaks. In 1998, the compilation was adapted to the IMF balance of payments manual from 1993 (the fifth manual). Back data to 1988 for the most important items are available. In 2014, the compilation was adapted to the IMF balance of payments manual from 2009 (the sixth manual). Back data to 2005 are available.

Breaks:

- The treatment of interest payment related to financial derivatives has been adapted according to new international guidelines as from the year 1997. This implies modest changes for investment income, net, but considerable changes for the gross amounts.
- A major investigation of available sources for the main item services has resulted in a considerable increase of both imports and exports of services as from the year 1999, the current account balance remaining unchanged. This change of level was mainly related to the item other services, which subsequently was published in four sub items. This change of level amounts to around DKK 30 bn. It has been made possible by more detailed information provided by the settlements statistics.
- As from January 2005 new statistical sources and methods have been applied. Most importantly the settlements statistics of Danmarks Nationalbank have ceased, and new statistics on Foreign trade in services have been established. Breaks in series for all items should be expected. It is, however, submitted that the main balances are compiled without significant breaks.

7.3 Coherence - cross domain

Imports in the foreign trade statistics are calculated cif, while they are calculated fob in the balance of payments by deducting transport and insurance charges. But otherwise goods in the balance of payments statistics are delimited slightly differently than in the foreign trade statistics due to different definitions. The transition is regularly updated (https://www.dst.dk/betalingsbalance). The most important difference is due to procurements in foreign ports, in particular bunkers.

7.4 Coherence - internal

Complete internal coherence

8 Accessibility and clarity

The latest figures of the balance of payments current account are published in News from Statistics Denmark and in National Accounts and Balance of Payments (Statistical News) ("Nationalregnskab og betalingsbalance"). All figures are displayed at StatBank Denmark.

8.1 Release calendar

The publication date appears in the release calendar. The date is confirmed in the weeks before.

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8.2 Release calendar access

The Release Calender can be accessed on our English website: Release Calender.

8.3 User access

Statistics are always published at 8:00 a.m. at the day announced in the release calendar. No one outside of Statistics Denmark can access the statistics before they are published. Theme publications etc. may be published at other times of the day. The National Statistician can decide that such publications may be released before their official publication time, e.g. to the media and other stakeholders.

8.4 News release

Preliminary figures are published in News from Statistics Denmark. Here the main sub-accounts of the current account are displayed on a monthly basis.

8.5 Publications

A more detailed publication is to be found in National Accounts and Balance of Payments (Statistical News)

Annual publications: External Economy, Statistical Yearbook, and Statistical 10-year Review. The publications are in Danish.

8.6 On-line database

Updated figures are to be found at StatBank: BB1, BB2, BB3 DNFP and DNKAP.

8.7 Micro-data access

No particular storing of basic data is conducted.

8.8 Other

The statistics are included in the compilation of the national accounts and are submitted to OECD, the EU, the ECB, and the IMF.

8.9 Confidentiality - policy

Not relevant for these statistics.

8.10 Confidentiality - data treatment

Not relevant for these statistics.

8.11 Documentation on methodology

Summary information on the preparation of the balance of payments is given in connection with the publication of the balance of payments. A comprehensive documentation (in English) is provided by the European Central Bank. Older, more detailed information is found in "Methodology for Denmark's Balance of Payments", Eurostat, 1985 (sold out). This documentation is presented in Danish as well as in English and French.

8.12 Quality documentation

Results from the quality evaluation of products and selected processes are available in detail for each statistics and in summary reports for the Working Group on Quality.

9 Contact

The administrative placement of these statistics is in the division of External Trade and Balance of Payments. The person responsible is Søren Burman, tel. +45 39 17 30 29, e-mail: sbu@dst.dk

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